Wealth Minerals Ltd.
Form 20-F
June 18, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

..

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended November 30, 2006

OR

..

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

..

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report .

For the transition period from ____________________________ to ____________________________

Commission file number 0-29986

WEALTH MINERALS LTD.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada
(Jurisdiction of incorporation or organization)

#1901 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act. N/A

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common shares without par value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

20,541,142

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

¨ Yes þ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

¨ Yes þ No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past 90 days.

þ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o

Accelerated filer ¨

Non-accelerated filer þ

Indicate by check mark which financial statement item the registrant has elected to follow.
þ Item 17

¨ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes þ No

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FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements and information, within the meaning of Section 21E of the Exchange Act, relating to the Company that are based on the beliefs and estimates of management as well as assumptions made by and information currently available to the Company. When used in this document, any statements that express or involve discussions with respect to predictions, beliefs, plans, projections, objectives, assumptions or future events of performance (often but not always using words or phrases such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "strategy", "goals", "objectives", "project", "potential" or variations thereof or stating that certain actions, events, or results "may", "could", "would", "might" or "will" be taken, occur, or be achieved, or the negative of any of these terms and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements.

Such statements reflect the Company's current views with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- risks relating to the Company's ability to finance the exploration and development of its mineral properties;
- permitting risks relating to the Company's exploration and development of its mineral properties and business activities;
- risks and uncertainties relating to the interpretation of exploration results, geology, grade and continuity of the Company's mineral deposits;
- commodity price fluctuations (particularly gold and silver commodities);
- currency fluctuations;
- risks related to governmental regulations, including environmental regulations;
- risks related to possible reclamation activities on the Company's properties;
- the Company's ability to attract and retain qualified management and the Company's dependence upon such management in the development of its mineral properties;
- increased competition in the exploration industry;
- the Company's lack of infrastructure;
- the Company's history of losses and expectation of future losses.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including without limitation, those referred to in this document, under the heading "Risk Factors" and elsewhere. The Company's forward-looking statements are based on the beliefs, expectations and opinions of

management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Report:

Annual Report	This Annual Report of the Company on Form 20F
Board	The Board of Directors of the Company
BCBCA	The *Business Corporations Act* (British Columbia), the Company's governing corporate statute
class meeting	a meeting of shareholders of the Company who hold shares of a particular class of shares
Common Shares	The common shares without par value in the capital stock of the Company as the same are constituted on the date hereof
the Company	Wealth Minerals Ltd.
cps	counts per second
g/t	grams per metric tonne
Ordinary Resolution	a resolution: (a) passed at a general meeting by a simple majority (50% + 1) of the votes cast by shareholders voting shares that carry the right to vote at general meetings; or (b) passed, after being submitted to all of the shareholders holding shares that carry the right to vote at general meetings, by being consented to in writing by shareholders holding shares that carry the right to vote at general meetings who, in the aggregate, hold shares carrying at least a special majority (66 %) of the votes entitled to be cast on the resolution
ppb or Ppb	an abbreviation for units of measure in parts per billion
ppm or Ppm	abbreviation for units of measure in parts per million
Separate Special Resolution	(a) a resolution passed at a class meeting or series meeting under the following circumstances: (i) notice of the meeting specifying the intention to propose the resolution as a special separate resolution is sent to all shareholders holding shares of that class or series of shares at least the prescribed number of days before the meeting; (ii) when voting on the resolution, shareholders voting shares of that class or series of shares vote in favour of the resolution by at least 66 % of those shareholders; or (b) a resolution passed by being consented to in writing by all of the shareholders holding shares of the applicable class or series of shares
series meeting	a meeting of shareholders who hold shares of a particular series of a class of shares

TSXV	TSX Venture Exchange, Inc.

PART I

ITEM 1.

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not Applicable

ITEM 2.

OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable

ITEM 3.

KEY INFORMATION

3.A

Selected Financial Data

The selected historical financial information presented in the table below for each of the years ended November 30, 2006, 2005, and 2004 is derived from the audited consolidated financial statements of the Company. The audited financial statements for the Company for the years ended November 30, 2006, 2005, and 2004 are included in this Annual Report. The selected financial information presented below should be read in conjunction with the Company's consolidated financial statements and the notes thereto (Item 17) and the Operating and Financial Review and Prospects (Item 5) elsewhere in this Annual Report.

The selected consolidated financial data has been prepared in accordance with Canadian Generally Accepted Accounting Principals (GAAP) and in accordance with Canadian and United States Generally Accepted Accounting Standards (GAAS). Selected financial data has also been provided under United States GAAP to the extent that amounts are different. The consolidated financial statements included in Item 17 in this Annual Report are also prepared under Canadian GAAP and Canadian and United States GAAS. Included within these consolidated financial statements in Note 19 is reconciliation between Canadian and United States GAAP.

Selected Financial Data (Canadian GAAP)

	Year Ended 2006 $	Year Ended 2005 $ (Restated)	Year Ended 2004 $	Year Ended 2003 $	Year Ended 2002 $
Revenues	-	-	-	-	-
Exploration Expenses	-	-	-	27,783	57,664
Depletion, Depreciation and Amortization	5,157	4,051	2,438	2,974	3,047
Consulting fees (1)	663,262	370,314	669,876	82,800	100,522
Other General and Administrative Expenses	1,309,184	837,959	533,709	150,544	153,027
Impairment of mineral properties	-	96,880	504,262	-	-
Interest Income	61,716	46,627	15,749	464	1,092
Net Income (Loss)	(1,931,779)	(1,281,180)	(1,630,322)	(263,199)	(315,085)
Per Share	(0.11)	(0.11)	(0.24)	(0.14)	(0.06)
Working Capital	1,733,607	1,996,122	2,931,294	38,773	123,498
Deferred Exploration Expenses	4,821,475	1,453,115	-	-	-
Mineral properties	8,770,354	1,894,875	-	-	-
Long-Term Liabilities	155,447	-	-	-	-
Shareholders Equity	10,367,688	3,905,815	2,944,758	76,508	164,207

Selected Financial Data (US GAAP)

	Year Ended 2006	Year Ended 2005 (Restated)	Year Ended 2004	Year Ended 2003	Year Ended 2002

Revenues		-	-	-	-
Exploration Expenses	6,875,479	1,894,875	504,262	27,783	57,664
Depletion, Depreciation and Amortization	5,157	4,051	2,438	2,974	3,047
Consulting fees [1]	663,262	370,314	669,876	90,600	173,622
Other General and Administrative Expenses	1,309,184	837,959	533,709	150,544	153,027
Interest Income	61,716	46,627	15,749	464	1,092
Basic Net Income (Loss)	(6,753,254)	(2,734,295)	(1,630,322)	(270,999)	(388,185)
Per Share	(0.39)	(0.23)	(0.24)	(0.14)	(0.27)
Working Capital	1,733,607	1,996,122	2,931,294	38,773	123,498
Deferred Exploration Expenses		-	-	-	-
Mineral Properties	-	-	-	-	-
Long-Term Liabilities	155,447	-	-	-	-
Shareholders Equity	4,100,283	2,452,700	2,944,758	76,508	164,207

(1)

Includes Stock-Based Compensation

The weighted average outstanding number of Common Shares used to calculate income (loss) per share for the following fiscal periods are: 17,145,600 for the year ended November 30, 2006, 11,648,823 for the year ended November 30, 2005, 6,732,969 for the year ended November 30, 2004, 1,920,270 for the year ended November 30, 2003, and 1,424,203 for the year ended November 30, 2002.

To date, the Company has not generated any cash flow from its operations to fund ongoing activities and cash commitments. The Company has financed its operations principally through the sale of its equity securities. The Company believes that it has sufficient financial resources to conduct all of the planned exploration of current mineral property interests and to fund ongoing overhead expenses for the next twelve months. In the future, the Company may need to raise additional capital through the sale of equity securities to fund further exploration activities. See "Item 5 - Operating and Financial Review and Prospects - Liquidity and Capital Resources". The Company may not be able to raise the necessary funds, if any, and may not be able to raise such funds at terms which are acceptable to the Company. In the event the Company is unable to raise adequate finances to fund the proposed activities, the Company will reassess alternatives and may be required to abandon one or more of its property interests as a result.

Change in Accounting Policy

Effective December 1, 2005, the Company changed its accounting policy to capitalizing all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures net of recoveries. This change in policy has been retroactively applied. The effect of the change in accounting policy on the consolidated financial statements of the prior year is to capitalize $1,894,875 of exploration costs that would otherwise have been expensed.

Exchange Rate Data

The Company maintains its accounts in Canadian dollars. The audited financial statements are prepared in accordance with generally accepted accounting principles in Canada. All references to the dollar herein are to the Canada dollar (Cdn$ or CAD) unless designated as the United States dollar (US$ or USD).

The following tables sets forth, for the periods indicated, certain exchange rates based on the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

The following table sets forth the high and low exchange rates for each month during the previous six months:

	High	**Low**
May 2007	0.9350	0.8998
April 2007	0.9011	0.8624
March 2007	0.8673	0.8467
February 2007	0.8631	0.8437
January 2007	0.8586	0.8457
December 2006	0.8760	0.8582

The following table sets forth the average exchange rate for the last five years. The average exchange rate is based on the average of the rates of exchange on the last day of each month during such periods.

	For Year Ended November 30				
	2006	**2005**	**2004**	**2003**	**2002**
Average Rate during Period	0.8810	0.8824	0.7640	0.7306	0.6362

On May 31, 2007, the exchange rate was USD 1.0693 = CAD 1.00.

3.B

Capitalization and Indebtedness

Not applicable.

3.C

Reasons for the Offer and Use of Proceeds

Not applicable.

3.D

Risk Factors

The Company, and thus the securities of the Company, should be considered a speculative investment and investors should carefully consider all of the information disclosed in this Annual Report prior to making an investment in the Company. In addition to the other information presented in this Annual Report, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

Risks Associated with Exploration

The Company has no known reserves on its properties.

The Company has no mineral producing properties and has never generated any revenue from its operations. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore. Only those mineral deposits that the Company can economically and legally extract or produce, based on a comprehensive evaluation of cost, grade, recovery and other factors, are considered "resources" or "reserves". The Company has no known bodies of commercial ore or economic deposits and has not defined or delineated any proven or probable reserves or resources on any of its properties. The Company may never discover any gold, uranium or other minerals from mineralized material in commercially exploitable quantities and any identified mineralized deposit may never qualify as a commercially mineable (or viable) reserve. In addition, the Company is in its early stages of exploration and substantial additional work will be required in order to determine if any economic deposits exist on the Company's properties. Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques. No assurance can be given that any level of recovery of the ore reserves will be realized or that any identified mineral deposit will ever qualify as a commercial mineable ore body which can be legally and economically exploited.

Even in the event commercial quantities of minerals are discovered, the mining properties might not be brought into a state of commercial production. Estimates of mineral resources are inherently imprecise and depend to some extent

on statistical inferences drawn from limited drilling, which may prove unreliable. Fluctuations in the market prices of minerals may render reserves and deposits containing relatively lower grades of mineralization uneconomic. Material changes in mineralized material, grades or recovery rates may affect the economic viability of projects. Finding mineral deposits is dependent on a number of factors, not the least of which are the technical skills of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are particular attributes of the deposit, such as size, grade and proximity to infrastructure and resource markets, as well as factors independent of the attributes of the deposit, such as government regulations and metal prices. Most of these factors are beyond the control of the entity conducting such mineral exploration. Moreover, short-term operating factors relating to mineral resources, such as the need for orderly development of the deposits or the processing of new or different grades, may cause mining operations, if any, to be unprofitable in any particular period.

These risks may limit or prevent the Company from making a profit from the exploration and development of its mineral properties and could negatively affect the value of the Company's equity.

<u>The Company faces risks related to exploration and development, if warranted, of its properties.</u>

The level of profitability of the Company, if any, in future years will depend to a great degree on uranium prices and whether any of the Company's exploration stage properties can be brought into production. The exploration for and development of mineral deposits involves significant risks. It is impossible to ensure that the current and future exploration programs and/or feasibility studies on the Company's existing mineral properties will establish reserves. Whether an ore body will be commercially viable depends on a number of factors, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which cannot be predicted and which have been highly volatile in the past; mining, processing and transportation costs; perceived levels of political risk and the willingness of lenders and investors to provide project financing; labour costs and possible labour strikes; and governmental regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting materials, foreign exchange, environmental protection, employment, worker safety, transportation, and reclamation and closure obligations.

The Company is subject to the risks normally encountered in the mining industry, such as:

- unusual or unexpected geological formations;
- fires, floods, earthquakes, volcanic eruptions, and other natural disasters;
- power outages and water shortages;
- cave-ins, land slides, and other similar mining hazards;
- labour disruptions and labour disputes;
- inability to obtain suitable or adequate machinery, equipment, or labour;
- liability for pollution or other hazards; and
- other known and unknown risks involved in the operation of mines and the conduct of exploration.

The development of mineral properties is affected by many factors, including, but not limited to: the cost of operations, variations in the grade of ore, fluctuations in metal markets, costs of extraction and processing equipment, availability of equipment and labour, labour costs and possible labour strikes, and government regulations, including without limitation, regulations relating to taxes, royalties, allowable production, importing and exporting of minerals, foreign exchange, employment, worker safety, transportation, and environmental protection. Depending on the price of minerals, the Company may determine that it is impractical to commence, or, if commenced, continue, commercial production. Such a decision would negatively affect the Company's profits and may affect the value of its equity.

The Company's properties may be subject to unregistered agreements, transfers or claims and title may be adversely affected by undetected defects.

The Company has not conducted a legal survey of the boundaries of any of its properties, and therefore, in accordance with the laws of the jurisdictions in which these properties are situated, their existence and area could be in doubt. In addition, many of the applications for exploration concessions ("cateos") which have been made by the Company (or by vendors from whom it is optioning such ground) have not yet been granted, and there can be no certainty that such applications will be granted and that the Company will, consequently, be awarded such areas. While the Company can carry out basic initial exploration on areas subject to application, until such cateos have actually been granted, advanced exploration cannot be carried out. The Company has not obtained formal title reports for all of its properties and title may be in doubt. The Company's property may be subject to unregistered agreements, transfers or claims and title may be adversely affected by such undetected defects. If title is disputed, the Company may have to defend its ownership through the courts, and the Company cannot guarantee that a favourable judgment will be obtained. Any litigation could be extremely costly to the Company and could limit the available capital for use in other exploration and development activities. The Company may require additional financing to cover the costs of any litigation necessary to establish title. In the event of an adverse judgment, the Company could lose its property rights and may be required to cease its exploration and development activities on the property.

Mineral operations are subject to government regulations.

The Company's primary exploration properties are located in the Republic of Argentina. The federal government, and the government of the various provinces of Argentina regulate mining operations and require mining permits and licenses. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals from various federal, provincial, and local government authorities that may be required in order to undertake exploration activities or commence construction or operation of mine facilities on its properties. Further, there is no guarantee that the federal, provincial, and local governments will not change the terms and conditions of these permits and licenses, adversely affecting the Company, or that such governments will completely revoke these licenses, terminating the Company's property rights and requiring the Company to cease exploration and development activities on the property. If the Company is unable to obtain and maintain any necessary permits, it may be forced to abandon all or a portion of its properties.

Mining operations are subject to a wide range of government regulations including, but not limited to: restrictions on production and production methods, price controls, tax increases, expropriation of property, import and export control,

employment laws, worker safety regulations, environmental protection, protection of agricultural territory or changes in conditions under which minerals may be marketed. Mining operations may also be affected by claims of indigenous peoples, any of which could have the effect of reducing or preventing the Company from exploiting any possible mineral reserves on its properties.

Mineral operations are subject to market forces outside of the Company's control.

The marketability of minerals is affected by numerous factors beyond the control of the entity involved in their mining and processing. These factors include, but are not limited to, market fluctuations, government regulations relating to prices, taxes, royalties, allowable production, import restrictions applicable to equipment and supplies, export controls and supply and demand. One or more of these risk elements could have an impact on costs of an operation and, if significant enough, reduce the profitability of the operation and threaten its continuation.

The mining industry is highly competitive.

The business of the acquisition, exploration, and development of mineral properties is intensely competitive. The Company will be required to compete, in the future, directly with other corporations that may have better access to potential mineral resources, more developed infrastructure, more available capital, better access to necessary financing, and more knowledgeable and available employees than the Company. The Company may encounter competition in acquiring mineral properties, hiring mining professionals, obtaining mining resources, such as manpower, drill rigs, and other mining equipment. Such corporations could outbid the Company for potential projects or produce minerals at lower costs. Increased competition could also affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Mining and mineral exploration have substantial operational risks which are uninsured or uninsurable risks.

Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company does not presently carry any insurance with respect to any such liabilities. Even if the Company were to determine to seek such insurance in the future, it may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. In addition, even the Company did determine to seek such insurance and even if insurance was available, the Company may elect not to insure where premium costs are disproportionate to management's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Environmental Regulatory Requirements

In connection with its operations and properties in Argentina, the Company is subject to extensive and changing environmental legislation, regulation and actions. The Company cannot predict what environmental legislation, regulation or policy will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation, generally, is toward stricter standards and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or stricter interpretation of existing laws, may necessitate significant capital outlays, may materially affect the Company's results of operations and business, or may cause material changes or delays in the Company's intended activities.

The Company's operations may require additional analysis in the future including environmental and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. There can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to continue its operation or its exploration of its properties or, if feasible, to commence development, construction or operation of mining facilities at such properties on terms which enable operations to be conducted at economically justifiable costs.

Other Regulatory Requirements

The Company's activities in Argentina are subject to extensive regulations governing various matters, including management and use of radioactive and/or toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in our incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of our operations and delays in the exploration and development of our properties.

Financing Risks

The Company has a history of losses and no revenues.

The Company is a mineral exploration company without operations and has historically incurred losses. To date, the Company has not recorded any revenues from its operations nor has the Company commenced commercial production on any of its properties. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to continue to incur losses unless and until such time as properties enter into commercial production and generate sufficient revenues to fund its continuing operations.

While the Company believes that it has sufficient funds to undertake its near-term planned exploration programs and maintain its business activities, its present funds may not be sufficient to undertake all planned acquisition, exploration, and development programs of the Company. The Company cannot guarantee that it will obtain any additional required financing. The development of the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. The amounts and timing of expenditures will depend on the progress of on-going exploration, assessment, and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company may never generate any revenues or achieve profitability.

The Company may require additional capital to meet its capital requirements for future fiscal years.

The Company may not have sufficient financial resources to undertake, all planned acquisition, exploration and development programs. In the future, the Company's ability to continue its exploration, assessment, and development activities depends in part on the Company's ability to commence operations and generate revenues or to obtain financing through joint ventures, debt financing, equity financing, production sharing arrangements or some combination of these or other means. There can be no assurance that the required funding will be obtained. There can be no assurance that the Company will commence operations and generate sufficient revenues to meet its obligations as they become due or will obtain necessary financing on acceptable terms, if at all. The failure of the Company to meet its on-going obligations on a timely basis could result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its properties. In addition, should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts significantly different from those in the financial statements included in this Annual Report.

Currency fluctuation may affect the Company's operations and financial stability.

While engaged in the business of exploiting mineral properties, the Company's operations outside Canada make it subject to foreign currency fluctuation and such fluctuations may adversely effect the Company's financial positions and results. Such fluctuations are outside the control of the Company and may be largely unpredictable. Management may not take any steps to address foreign currency fluctuations that will eliminate all adverse effects and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations.

The prices of minerals fluctuate widely and may not produce enough revenue to cover the Company's costs.

Even if a deposit containing commercial quantities of minerals is discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the particular minerals to be produced. The Company's long-term viability and profitability will depend, in large part, upon the market price of the minerals produced, all of which have experienced significant movement over short periods of time, and are affected by numerous factors beyond its control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for minerals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals that may be produced from the Company's properties will be such that any such deposits can be mined at a profit.

The Company is dependent upon key management employees.

The success of the Company's operations will depend upon numerous factors, many of which are beyond its control, including (i) its ability to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) its ability to attract and retain additional key personnel in sales, marketing, technical support and finance. There is presently a significant shortage of qualified geologists and mineral exploration personnel available and it may be difficult for the Company to locate and retain appropriately qualified personnel within a reasonable time, which could result in a significant delay in the Company's ongoing operations, particularly its mineral exploration programs in Argentina. These and other factors will require the use of outside suppliers as well as the talents and efforts of our management. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied, and may continue to rely, upon consultants and others for operating expertise.

The Company's growth will require new personnel, which it will be required to recruit, hire, train and retain.

The Company expects significant growth in the number of its employees if it determines that a mine at any of its properties is commercially feasible, it is able to raise sufficient funding and it elects to develop the property. This growth will place substantial demands on the Company and its management. Its ability to assimilate new personnel will be critical to its performance. It will be required to recruit additional personnel and to train, motivate and manage

employees. It will also have to adopt and implement new systems in all aspects of its operations. This will be particularly critical in the event the Company decides not to use contract miners at any of its properties. The Company has no assurance that it will be able to recruit the personnel required to execute its programs or to manage these changes successfully.

The Company has limited experience with development stage mining operations.

The Company has no experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available the necessary expertise when and if it places any of its resource properties into production.

Certain of the Company's directors and officers are also directors and/or officers and/or shareholder with potential competitors of the Company, giving rise to potential conflicts of interest.

Several of the Company's directors are also directors, officers or shareholders of other companies. Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with us. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that we may enter into a transaction on terms which could place us in a worse position than if no conflict existed. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the BCBCA. The Company's directors are required by law to act honestly and in good faith with a view to the Company's best interests and to disclose any interest which they many have in any project or opportunity sought by the Company.

Risks Relating to an Investment in the Securities of the Company

Stock market price and volume volatility.

The market for the Common Shares may be highly volatile for reasons both related to the performance of the Company or events pertaining to the industry (i.e., mineral price fluctuation/high production costs/accidents) as well as factors unrelated to the Company or its industry. In particular, market demand for products incorporating minerals in their manufacture fluctuates from one business cycle to the next, resulting in change of demand for the mineral and an attendant change in the price for the mineral. The Common Shares can be expected to be subject to volatility in both price and volume arising from market expectations, announcements and press releases regarding the Company's business, and changes in estimates and evaluations by securities analysts or other events or factors. In recent years the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small-capitalization companies such as the Company,

have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values, or prospects of such companies. For these reasons, the price of the Common Shares can also be expected to be subject to volatility resulting from purely market forces over which the Company will have no control. Further, despite the existence of a market for trading the Common Shares in Canada, the United States and Germany, stockholders of the Company may be unable to sell significant quantities of Common Shares in the public trading markets without a significant reduction in the price of the stock.

Dilution through the granting of options.

Because the success of the Company is highly dependent upon its respective employees, the Company has granted, and may in the future grant, to some or all of its key employees, directors and consultants, options to purchase its Common Shares as non-cash incentives. Those options may be granted at exercise prices below those for the Common Shares prevailing in the public trading market at the time or may be granted at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such options may be granted and exercised, the interests of the other stockholders of the Company may be diluted.

Investors may not be able to enforce their rights against the Company or its directors, controlling persons and officers.

The Company is governed by the BCBCA, and some of its directors and officers are residents of Canada. Consequently, it may be difficult for United States investors to effect service of process within the United States upon the Company or upon those directors and officers who are not residents of the United States, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under the Securities and Exchange Act. Furthermore, it may be difficult for investors to enforce judgments of the United States Courts based upon civil liability provisions of the United States Federal securities laws in a Canadian court against the Company or any of the Company's non-United States resident officers or directors. There is substantial doubt whether an original lawsuit could be brought successfully in Canada against any of such persons or the Company predicated solely upon civil liabilities.

New legislation, including the Sarbanes-Oxley Act of 2002, may make it difficult for the Company to retain or attract officers and directors.

The Company may be unable to attract and retain qualified officers, directors and members of board committees required to provide for effective management as a result of the recent and currently proposed changes in the rules and regulations that govern publicly-held companies. The Sarbanes-Oxley Act of 2002 has resulted in a series of rules and regulations by the Securities and Exchange Commission that increase responsibilities and liabilities of directors and executive officers. The perceived increased personal risk associated with these recent changes may deter qualified individuals from accepting these roles.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, the Company expects that, beginning in its annual report for the year ended November 30, 2008, it will be required to furnish a report by management on its internal controls over financial reporting. Such report will contain among other matters, an assessment of the effectiveness of the Company's internal control over financial reporting, including a statement as to whether or not its internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in the Company's internal control over financial reporting identified by the Company's management. Starting with the Company's annual report for the year ended November 30, 2008, such report must also contain a statement that the Company's auditors have issued an attestation report on the Company's management's assessment of such internal controls. Public Company Accounting Oversight Board Auditing Standard No. 2 provides the professional standards and related performance guidance for auditors to attest to, and report on, the Company's management's assessment of the effectiveness of internal control over financial reporting under Section 404.

While the Company believes its internal control over financial reporting is effective, the Company cannot be certain that it will be able to complete its evaluation, testing and any required remediation in a timely fashion in order to comply with Section 404 of the Sarbanes-Oxley Act of 2002. During the evaluation and testing process, if the Company identifies one or more material weaknesses in its internal control over financial reporting, it will be unable to assert that such internal control is effective. If the Company is unable to assert that its internal control over financial reporting is effective as of November 30, 2008 (or if its auditors are unable to attest that its management's report is fairly stated or they are unable to express an opinion on the effectiveness of its internal controls), the Company could lose investor confidence in the accuracy and completeness of its financial reports, which would have a material adverse effect on its stock price.

Failure to comply with the new rules may make it more difficult for the Company to obtain certain types of insurance, including director and officer liability insurance, and it may be forced to accept reduced policy limits and coverage and/or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for the Company to attract and retain qualified persons to serve on the Board, on committees of the Board, or as executive officers.

The Company may be a passive foreign investment company, which may result in material adverse U.S. federal income tax consequences to U.S. investors.

Investors in the Common Shares that are U.S. taxpayers should be aware that the Company may be a passive foreign investment company under Section 1297(a) of the U.S. Internal Revenue Code (a "*PFIC*"). If the Company is or becomes a PFIC, generally any gain recognized on the sale of Common Shares and any excess distributions (as specifically defined under "U.S. Federal Income Tax Considerations"), paid on the Common Shares must be rateably allocated to each day in a U.S. taxpayer's holding period for Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayers holding period for Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a Qualified Electing Fund (a "QEF") election with respect to his or her investment generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our net capital gain and ordinary earnings (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, if the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a mark-to-market election if the Company is a PFIC and Common Shares are marketable stock (as specifically defined under "U.S. Federal Income Tax Considerations"). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of Common Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in Common Shares.

Broker-Dealers may be discouraged from effecting transactions in the Common Shares because they are considered "Penny Stocks" and are subject to the Penny Stock Rules.

Rules 15g-1 through 15g-9 promulgated under the Exchange Act impose sales practice and disclosure requirements on certain broker-dealers who engage in certain transactions involving a "penny stock". Subject to certain exceptions, a penny stock generally includes any non-National Securities Exchange or non-NASDAQ equity security that has a market price of less than US$5.00 per share. The market price of the Common Shares over the year ended November 30, 2006 was consistently below US$5.00 and the Common Shares are deemed penny stock for the purposes of the Exchange Act. The additional sales practice and disclosure requirements imposed upon broker-dealers may discourage broker-dealers from effecting transactions in the Common Shares, which could severely limit the market liquidity of the Common Shares and impede the sale of Common Shares in the secondary market.

Under the penny stock regulations, a broker-dealer selling penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with net worth in excess of US$1,000,000 or an annual income exceeding US$200,000, or US$300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt.

In addition, the penny stock regulations require the broker-dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the US Securities and Exchange Commission relating to the penny stock market, unless the broker-dealer or the transaction is otherwise exempt. A broker-dealer is also required to disclose commissions payable to the broker-dealer and the registered representative and current quotations for the securities. Finally, a broker-dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer's account and information with respect to the limited market in penny stocks.

The Company does not intend to pay cash dividends and there is no assurance that it will ever declare cash dividends.

The Company intends to retain any future earnings to finance its business and operations and any future growth. Therefore, the Company does not anticipate paying any cash dividends in the foreseeable future.

ITEM 4.

INFORMATION ON THE COMPANY

4.A

History and Development of the Company

The Company was incorporated under the laws of the Province of Alberta on October 7, 1994 under the name of "*627743 Alberta Ltd.*". On February 10, 1995 627743 Alberta Ltd. changed its name to "*Triband Capital Corp.*" and on July 18, 1996 Triband Capital Corp. changed its name to "*Triband Resource Corporation*" to reflect its business in mineral exploration. On August 22, 2002, the Company changed its name to "*Triband Enterprise Corp.*" as it was contemplating business acquisitions which were not associated with mineral exploration. On January 14, 2004, the Company changed its name to "*Wealth Minerals Ltd.*" to reflect its renewed focus on mineral exploration. On January 9, 2006 the Company was continued from Alberta into British Columbia, Canada and became subject to the BCBCA as its governing statute.

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares, without par value. As of the most recent fiscal year end, November 30, 2006, there were 20,541,142 common shares issued and outstanding. As of May 31, 2007 there were 25,298,814 Common Shares issued and outstanding.

The Company has one material subsidiary, "Wealth Minerals Peru, S.A.C.", a corporation incorporated under the laws of the Republic of Peru.

The registered office is located at 1055 Dunsmuir Street, Suite 2300 Bentall Centre 4, Vancouver, British Columbia, Canada, V7Y 1J1 and the head office is located at Suite 1901- 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3, Phone (604) 331-0096, Toll Free: 888-331-0096, Facsimile: (604) 408-7499.

The Common Shares are publicly traded on the TSXV under the trading symbol "WML". The Common Shares also trade on the OTC BB under the trading symbol "WMLLF", and on the Frankfurt Stock Exchange under the trading symbol "EJZ".

Business Objectives

The Company's principal business carried on and intended to be carried on is the acquisition and exploration of natural resource properties, primarily those prospective for uranium. The Company intends on expending a significant portion of its existing cash resources to carry out exploration on its presently held mineral properties, to evaluate and acquire new mineral properties, to pay for general and administrative costs during the fiscal year ending November 30, 2007, and for working capital.

4.B

Business Overview

Description and General Development

The Company is a natural resource company currently engaged in the acquisition and exploration of mineral properties, primarily those prospective for uranium. The Company does not presently have any producing properties, and there can be no assurance that a commercially viable body of ore (a reserve) exists in any of its properties until appropriate drilling and/or underground testing is done. A comprehensive evaluation based upon unit cost, grade recoveries and other factors determines economic feasibility.

During the five preceding fiscal years the Company has pursued its operations through the acquisition and exploration of mineral properties in the United States, Canada and South America. In the past three years, the Company's main emphasis has been on South America, primarily Argentina and Peru.

The table below illustrates our expenditures on exploration activities for the last three fiscal years. The figures below have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Under Canadian generally accepted accounting principles the costs of acquiring and exploring mineral properties are capitalized prior to commercial feasibility and written down if the properties are abandoned, sold or if management decides not to pursue the properties. Under United States generally accepted accounting principles, exploration and prospecting costs are charged to expense as incurred, as are costs for projects not yet determined by management to be commercially feasible. Except as stated above and explained in Note 19 of the Company's audited financial statements, the figures below are consistent with U.S. GAAP.

	To May 2007	**2006**	**2005**	**2004**
	$	**$**	**$**	**$**
General Exploration	1,736,531	4,821,474	1,453,115	110,262
Acquisition Costs	Nil	2,054,005	441,760	394,000
Less impairment write-down	Nil			(504,262)
Total	1,736,531	6,875,479	1,894,875	-

4.C

Organizational Structure

The Company has two wholly owned subsidiaries:

- Triband Resource US Inc., a corporation incorporated under the laws of the State of Nevada on November 5, 1997. The registered office of Triband Resource US Inc. is located at, 6121 Lakeside Dr., Suite 260, Reno, Nevada; and

- Wealth Minerals Peru, S.A.C., a corporation incorporated under the laws of Peru. The registered domicile of Wealth Minerals Peru S.A.C. is at Avenida de la Floresta 497, Piso 5, San Borja, Lima 41, Peru.

4.D

Property, Plants and Equipment

The Company is in the exploration stage and the all of the properties in which it has an interest are presently without a known body of commercial ore.

The Company's material mineral properties are the following.

Argentina Mineral Properties

Madero Minerals S.A. Properties

Pursuant to an agreement dated July 11, 2005 ("LOI") between the Company and the individual shareholders of Madero Minerals S.A. ("Madero"), a private Argentinean corporation, the Company has the option (subject to regulatory acceptance - received October 21, 2005) to acquire all of the outstanding securities of Madero from its shareholders. In order to exercise the option, the Company is required to pay the shareholders USD 100,000 (paid) and issue the shareholders an aggregate of 600,000 common shares, as follows: 100,000 shares 10 days after regulatory acceptance (issued), 200,000 shares on or before November 8, 2006 (issued), and 300,000 shares on or before November 8, 2007. A copy of the LOI is included as Exhibit 4.1.

At the time of the execution of the LOI, Madero held, or had applied for, 17 prospective uranium properties in Argentina. Based upon initial work completed by the Company, 15 of the properties have been dropped, and further work has focused on the two remaining projects, Alemania and Amblayo. In addition, subsequent to the execution of the LOI, Madero has continued to actively seek out and apply for/acquire additional prospective uranium properties which would be acquired by the Company upon the exercise of the option to acquire Madero. Although Madero believes that the majority of such applications will be successful, there can be no assurance that all or any of such cateos will be granted. Madero may determine to abandon some of such applications in order to secure title to others of the cateos applied for.

Alemania Property

During the fall of 2006 a compilation and review of the data on all previous exploration activities on the Alemania property was completed. This re-examination of the main areas of mineralization concluded that exploration potential is limited and no further work is contemplated on this property.

Amblayo Property

A summary report, completed in mid May 2006, recommended specific follow-up exploration work on six defined target areas on the property. Detailed geological mapping and sampling was completed over areas recommended for follow-up work. Uranium mineralization can be traced extensively along narrow stratigraphic horizons, however tonnage potential appears to be limited. No further work is contemplated at this time.

San Jorge Basin Program Properties

Wealth has been actively engaged in exploration for uranium in Argentina since mid 2005, principally in north-western Argentina, but also in other parts of the country. The Company quickly recognized the San Jorge Basin as having excellent exploration potential for uranium, as well as having been under explored. The San Jorge Basin is defined by a sequence of continental and tuffaceous, clastic sediments of Cretaceous age (the Chubut Group) which unconformably overlies a basement of Jurassic and older rocks. The basin measures roughly 400 kilometres (north-south) by about 270 kilometres (east-west), a surface area of about 170,000 square kilometres.

Commencing in early 2006, the Company commenced a multi-disciplinary exploration program targeting uranium occurrences in the San Jorge Basin. As a result of a regional exploration program completed during February-April, 2006, a number of exploration concessions (cateos) were applied for in this highly prospective region. An airborne geophysical survey of portions of this land package was carried out during June, 2006 and a number of significant anomalies were outlined. Subsequently, a structural analysis of the basin was completed utilizing various public and private data bases, and the results integrated with airborne geophysical data. This allowed various areas to be prioritized for follow-up. As a result of this initiative, a total of 120 targets were generated for field checking. A regional office/warehouse was set up in the city of Trelew and a 7 man exploration crew began evaluation of the Company's holdings in October, 2006. A total of 1,500 samples were collected during the field program.

Results from the reconnaissance sampling program have been received from time to time over the last 7 months and integrated with other field data. The program has been successful in locating new uranium occurrences. Prior to the beginning of the Company's program there were 16 known occurrences within the Basin. To date, of the 120 targets screened, the Company has discovered new uranium occurrences on 86, of which Bororo Nuevo (see below) is the highest ranked. The results from an additional 10 targets show moderately anomalous uranium values, and will be followed up with additional field work The results of the sampling from the remaining 109 targets, although often successful in identifying a new uranium occurrence, are not deemed worthy of further follow-up work at this time.

Bororo Nuevo Property

At the Bororo Nuevo Property at least seven separate mineralized outcrop clusters (measuring up to a maximum of 500 metres by 500 metres) were discovered within a uranium fairway measuring about 7 kilometres long by up to 3 kilometres wide. Mineralization remains open in all directions.

Mineralization is located near the base of the Cretaceous age Chubut Group in approximately the same stratigraphic position as the Cerro Solo uranium deposit (quoted resource of approximately 10 million pounds U_3O_8). Visible uranium mineralization with extremely high radiometric counts is hosted within multiple horizons of conglomerate, sandstone and tuff and varies from 0.5 to 1.5 metres in thickness. The initial 79 characterization reconnaissance samples were collected from mineralized and un-mineralized material - that is, from outcrops which had obvious anomalous radiometric readings and visible uranium minerals as well as material which exhibited key pathfinder alteration.

Of the 79 samples, 70% (55 samples) returned values greater than 1.18 lb/ton U_3O_8 (500 ppm uranium), 58% (46 samples) returned values greater than 2.36 lb/ton U_3O_8 (1,000 ppm uranium), 42% (33 samples) returned values greater than 4.72 lb/ton U_3O_8 (2,000 ppm uranium), 23% (18 samples) returned values greater than 9.44 lb/ton U_3O_8 (4,000 ppm uranium) and 11% (9 samples) returned values of greater than 23.58 lb/ton U_3O_8 (10,000 ppm uranium), being the upper detection limit. The samples that assayed at the upper detection limit were sent for further analysis to determine the actual uranium values, and produced the following results:

Sample Number	**Sample Type**	**Width (m)**	**U (%)**	**U (lbs/ton U_3O_8)**	**Cu (%)**
781RCB-71	rock	grab	2.10	**49.5**	0.07
781RCB-72	rock	grab	2.66	**62.7**	0.11
781RCB-76	rock	0.60	1.38	**32.5**	0.24
781RCB-85	rock	0.30	2.61	**61.5**	0.34
781RCB-88	rock	0.20	1.86	**43.9**	1.17
781RJM-99	rock	grab	1.32	**31.1**	0.02
781RJM-100	rock	grab	2.11	**49.8**	0.04
781RJM-102	rock	grab	6.41	**151.1**	1.04
781RJM-103	rock	0.20	1.22	**28.8**	0.49

Note:

Laboratory results are received in parts per million uranium. The conversion factor used to convert parts per million uranium to pounds per short ton U_3O_8 is 1.179 (ppm uranium x 1.179 = ppm U_30_8; 10,000 ppm uranium = 1% = 20 lbs/ton uranium).

Additionally, a new zone of uranium mineralization has been identified over an area of approximately 300 square metres located approximately 2 kilometres to the north of the original discovery zone. Samples collected from this area have scintillometer readings ranging from 4100 cps to off-scale' (more than 9999 cps). The samples have been submitted for assay and results are pending.

In light of these initial highly encouraging results, the Company has planned a very aggressive follow-up exploration program designed to take the Bororo Nuevo property to an initial drill test as soon as possible. Experienced field crews are currently conducting detailed geological mapping and systematic sampling over the mineralized zones and the surrounding ground and planning is underway for a combined airborne radiometric and magnetic geophysical survey.

The Company has also entered into option agreements to acquire an additional 51 cateo applications covering additional ground in the San Jorge Basin, as follows:

1.

pursuant to an option agreement dated March 13, 2007 between the Company and two Peruvian individuals, the Company has the option to acquire a 100% interest in and to 20 cateos (exploration concessions) located in the province of Chubut, Argentina in consideration of the issuance of an aggregate of 50,000 shares, as to 10,000 shares 21 days after TSXV acceptance of the agreement and as to an additional 10,000 shares on each of the first, second, third and fourth anniversaries of the date of such acceptance;

2.

pursuant to an option agreement dated March 13, 2007 between the Company and two Peruvian individuals, the Company has the option to acquire a 100% interest in and to 20 cateos (exploration concessions) located in the province of Chubut, Argentina in consideration of the issuance of an aggregate of 50,000 shares, as to 10,000 shares 21 days after TSXV acceptance of the agreement and as to an additional 10,000 shares on each of the first, second, third and fourth anniversaries of the date of such acceptance; and

3.

pursuant to an option agreement dated March 13, 2007 between the Company and a Peruvian individual, the Company has the option to acquire a 100% interest in and to 11 cateos (exploration concessions) located in the province of Chubut, Argentina in consideration of the issuance of an aggregate of 50,000 shares, as to 10,000 shares 21 days after TSXV acceptance of the agreement and as to an additional 10,000 shares on each of the first, second, third and fourth anniversaries of the date of such acceptance.

Each of these option agreements was accepted for filing by the TSXV on May 23, 2007. Copies of each of these option agreements are included as Exhibits 4.2 to 4.4, inclusive.

Diamante-Los Patos Property

The Diamante-Los Patos property, which straddles the border of Catamarca and Salta provinces, was discovered and staked in May-June 2006, prior to the cessation of exploration activities during the Argentine winter season. A total

of 19 exploration licenses (cateos), covering an aggregate of 140,906 hectares, have been applied for to cover extensive uranium mineralization occurring primarily in unconsolidated colluvium. Of these, 9 (covering 66,868 hectares) have been granted. In connection with the purchase of the data that led to the location and discovery of the property, the Company issued an aggregate of 100,000 Common Shares to two arm's length individuals.

Initial reconnaissance prospecting located two areas of anomalous radioactivity along Rio de Los Patos and Rio Vega Agua Caliente respectively. These areas are largely overburden covered and the initial discoveries were blocks of mineralized dacitic ignimbrite and intercalated sediments in unconsolidated or poorly consolidated colluvium. This material overlies a bedrock of similar dacitic ignimbrite as well as ash tuff, sandstone and conglomerate. Uranium mineralization occurs in irregular stratiform lenses and along fracture zones within these units.

Initial prospecting and mapping has defined a minimum aggregate area of 11 square kilometres in seven zones which contain highly anomalous uranium mineralization. The results are interpreted to reflect the surface expressions or leakage from a large, structurally controlled, volcanic-hosted system focused on the flanks of the Cerro Galan Caldera complex. The Cerro Galan Caldera Complex measures some 60 kilometres in diameter and is believed to be the second largest caldera in the world. Uranium mineralization is hosted by dacitic to rhyolitic ignimbrite and associated tuffs and clastic sediments. Mineralization, as presently defined, remains open in all directions including at depth.

The seven main mineralized areas identified to date are: the Diamante Zone (2.5 x 2.5 kilometres); the Alfredo Zone (1.7 x 0.5 kilometres); the Southwest Zone (2.5 kilometres x a minimum of 400 metres), the Los Patos Zone (4.0 x 1.0 kilometres), the Bingo Zone (525 metres x 70 metres), the Los Patos Sur Zone (extent undefined) and the Los Patos South West Zone (extent undefined). Within these areas of higher anomalism, there are numerous sub-zones or "hot spots". Ground radiometric and soil geochemical anomalies coincide with and extend beyond the currently known mineralization. In general the zones are poorly exposed; the lack of outcrop has hampered interpretation and will be addressed by future work programs.

Mineralization is found principally as cement in porous rock units (fragmental volcanic rocks - agglomerates and tuffs) and in breccia and fracture zones associated with faults. Local concentrations of unconsolidated mineralized material also occur in colluvium believed to have been derived from nearby bedrock sources.

Details of these seven discovery zones are as follows:

Diamante Zone

A total of 5,348 linear metres was excavated in 33 trenches. Due to thick overburden (+5 metres) less than 20% of the trenches reached the bedrock target. Elevated values of uranium are presently confined to a 400 metre wide, northwest trending corridor which is open to the southeast and trends into and is covered by younger ash tuff beds to

the northwest.

To date the highest grade mineralization is found in trenches DZ#17 and DZ#18. Trench DZ#17 cut 13.5 metres grading 0.45 lbs/t U_3O_8 (172 ppm U); trench DZ#18 located approximately 30 metres to the northwest, cut 22.5 metres averaging 0.5 lbs/t U_3O_8 (194 ppm U). The zone remains open to the north-west and south-east along strike and at depth. A number of grab samples were taken where anomalous radioactivity was noted in trenches. These samples coincide with the mineralized zones and demonstrate that locally mineralization can grade in excess of 26 lbs/t U_3O_8.

Further to the south, trenches DZ# -1, 2, 4, to 6, and 12 cut multiple zones varying from 3 to 6 metres wide of anomalous uranium mineralization (Table 1).

For example, trench DZ#4, the southernmost trench, cut two 3-metre wide zones averaging 0.29 lbs/t U_3O_8 (112 ppm U) and 0.43 lbs/t U_3O_8 (168 ppm U) respectively. Trench DZ#2, located roughly 50 metres NW of trench DZ#4, cut two zones: 4.5 metres grading 0.36 lbs/t U_3O_8 (140 ppm U) and 3.0 metres grading 0.28 lbs/t U_3O_8 (108 ppm U).

Table 1: Summary of Significant Trench Results Diamante Zone

Zone	**Trench #**	**Results lb U_3O_8 (ppm U)**
Diamante	DZ#1	6 metres @ 0.5 lbs/t U_3O_8(196 ppm U)
	DZ#2	4.5 metres @ 0.36 lbs/t U_3O_8 (140 ppm U)
		3 metres @ 0.28 lbs/t U_3O_8 (108 ppm U)
	DZ#4	3 metres @ 0.29 lbs/t U_3O_8 (112 ppm U)
		3 metres @ 0.43 lbs /t U_3O_8 (168 ppm U)
	DZ#5	6 metres @ 0.54 lbs/t U_3O_8 (208 ppm U)
	DZ#7	3 metres @ 0.32 lbs/t U_3O_8 (125 ppm U)
		4.5 metres @ 0.25 lbs/t U_3O_8 (100 ppm U)
		4.5 metres @ 0.35 lbs/t U_3O_8 (138 ppm U)
	DZ#12	3 metres @ 0.84 lbs/t U_3O_8 (325 ppm U)
	DZ#17	13.5 metres @ 0.45 lbs/t U_3O_8 (172 ppm U)
	DZ#18	22.5 metres @ 0.50 lbs/t U_3O_8 (194 ppm U)

The mineralized zones define a series of multiple, parallel, northwest trending lenses peripheral to and trending beneath younger ash tuff layers. The centre of the Diamante system is interpreted to occur below these younger units.

Alfredo Zone

The Alfredo Zone, located roughly 5 kilometres northwest of the Los Patos Zone, was discovered in mid-November, 2006. A total of 60 characterization samples from mineralized outcrops returned values ranging from geochemically anomalous to 6.6 lbs/t U_3O_8 (2530 ppm U) and average 0.81 lbs/t U_3O_8 (315 ppm U). Mineralization is associated with a series of northwest trending breccia and fracture zones related to parallel, steeply dipping faults. Trenching has extended mineralization to both the east and west with highly elevated radiometric readings averaging 2,000 cps recorded over widths of up to 200 metres. A total of 38 trenches aggregating 7,400 lineal metres were excavated and approximately 2,100 channel samples collected from this zone. Results of this work are incomplete as not all analyses have been received from the lab.

Southwest Zone

The Southwest Zone is located about 7 kilometres south of the Diamante Zone. It has been partly defined but is at least 4.0 kilometres long (north-south) by a minimum of 400 metres wide. In total, 18 grab samples were taken from areas of anomalous radioactivity with values ranging from geochemically anomalous to 6 lbs/ton U_3O_8 (2334 ppm U) and average 1.49 lbs/ton U_3O_8 (575 ppm U). An access road approximately 31 kilometres long was constructed from the Diamante zone to facilitate exploration of this area.

Los Patos Zone

At the Los Patos Zone, a total of 16 trenches aggregating 2,454 lineal metres were excavated and results of this work are still being compiled. The best value encountered from original reconnaissance sampling was 0.91 lbs/t U_3O_8 (351 ppm U). To the north of the area of trenching, 43 grab samples were taken from an area of scintillometer "hot spots". The average grade of these samples is 0.69 lbs/t U_3O_8 (268 ppm U). An access road to a proposed landing strip west of Los Patos zone is presently under construction.

Bingo Zone

The Bingo Zone is located approximately two kilometres north of the Alfredo Zone. Outcropping disseminated uranium mineralization (1 to 4 millimetre blebby autunite) hosted in felsic volcanics of the Cerro Galan Caldera suite occurs over a minimum area of 525 metres length by 70 metres width and is open primarily to the west, south and at depth. Twenty-eight preliminarily characterization samples produced results ranging from 0.4 to greater than 26 lb/t U_3O_8, with an average of 3.4 lb/t U_3O_8. Twelve trenches aggregating 2,650 lineal metres have been excavated within this zone and sampling of these trenches is in progress.

Los Patos Sur & Los Patos South West Zones

The Los Patios Sur and Los Patos South West Zones are located approximately 1.2 kilometres south and 2 kilometres west-south-west, respectively, of the Los Patos Zone. There is little exposure in these areas and the extent of the showings is presently being defined. Radiometric readings range from 900 cps to off-scale (+9,999 cps) for Los Patos Sur and from 900 to 5,200 cps for Los Patos South West.

A crew of two experienced prospectors completed property wide prospecting and sampling of several potentially interesting new zones. Samples from this work have been submitted for analysis and results are awaited.

Reconnaissance and detailed geological mapping programs were completed on the property during February April, 2007 and reports on this work are being compiled.

The Company is presently planning a detailed airborne radiometric survey in order to screen the Diamante-Los Patos property in a timely manner and allow rapid focusing and drill target definition in as short a timeframe as possible. Winterizing and upgrading of the existing camp facilities is also in progress in order to enable year-round exploration activity.

Peru Uranium Properties

Carabaya Uranium Project

The Company has acquired a 100% interest in 4 uranium prospects, all of which are located in an area approximately 20 km west of the town of Macusani in the District of Corani, Province of Carabaya, Department of Puno, Peru.

Details of each of the acquisitions are as follows:

1.

Pursuant to an agreement dated April 7, 2006, the Company acquired a 100% interest in the Radiante I property, comprised of one mining concession (1,000 hectares) from a private Peruvian corporation, for 200,000 Common Shares.

2.

Pursuant to an agreement dated April 7, 2006, the Company acquired a 100% interest in the Radiante II property, comprised of one mining concession (1,000 hectares) from a private Peruvian corporation, for 200,000 Common Shares.

3.

Pursuant to an agreement dated April 7, 2006, the Company acquired a 100% interest in the Hilton property, comprised of one mining concession (1,000 hectares) from a private Peruvian corporation, for 200,000 Common Shares.

4.

Pursuant to an agreement dated April 7, 2006, the Company acquired a 100% interest in the Voluptuosa property, comprised of three mining concessions (800 hectares) from a private Peruvian corporation, for US$167,000.

Copies of each of these agreements are included as Exhibits 4.5 4.8, inclusive.

The prospects are all located over the Neogene volcanic Quenamari Formation, which contains numerous uraniferous occurrences that have previously been explored by geochemical and ground-based radiometric methods, trenching and diamond drilling. Regionally, uranium mineralization consists mainly of autunite, meta-autunite, gummite and pitchblende, in a gangue of pyrite, galena, sphalerite (+silver) and, locally, stibnite. Mineralization takes the form of fracture infill (veinlets), and minor disseminations.

The Company plans a work program, consisting of the evaluation of the properties geologically and radiometrically with a view to defining targets for advanced ground based radiometric survey and follow-up. However, during the year ended November 30, 2006 the Company has focused its activities primarily in Argentina, and no additional work has yet been completed on the Carabaya project.

British Columbia, Canada Properties

Mackenzie Project, British Columbia

Pursuant to an agreement dated May 2, 2005 (the "Mackenzie Agreement") between the Company and 5 arms-length individuals (the "Vendors"), the Company has the option to acquire a 100% interest in the Mackenzie Project, which is comprised of 164 mineral claims, aggregating approximately 69,172 hectares, located in east-central British Columbia approximately 150 kilometres north of Prince George. In order to acquire a 100% interest, the Company is required to:

(a)

pay the Vendors $80,000 (paid) and issue 100,000 common shares (issued) within 10 days of TSXV acceptance of the acquisition (received June 10, 2005);

(b)

pay the Vendors an additional $25,000 (paid) and issue an additional 200,000 common shares on or before June 10, 2006 (issued);

(c)

pay the Vendors an additional $25,000 and issue an additional 250,000 common shares on or before June 10, 2007; and

(d)

pay the Vendors an additional $25,000 and issue an additional 250,000 common shares on or before June 10, 2008.

The Vendors retain a 2% Net Smelter Return ("NSR") on any production. The Company may purchase 50% of the NSR, being 1%, for payment of $1,000,000 at any time until June 10, 2026. A copy of the Mackenzie Agreement is included as Exhibit 4.9.

The Mackenzie Project is a newly discovered zone of gold geochemical anomalies which appear to be conformable with one or more sedimentary horizons and/or associated thrust faults in a sequence of Late Proterozoic rocks. Based on the geologic setting, the host rocks involved, the structural environment and lack of associated base metals or intrusive rocks, the source gold mineralization is thought to be related to sediment hosted vein deposits.

Regional geochemical sampling has detected anomalous gold values in stream sediments over a strike length of approximately 70 kilometres (northwest-southeast) in a series of conformable (to regional strike) and en echelon bands up to 7 kilometres wide. Approximately 350 silt samples were collected and of these roughly 8% are anomalous (40 ppb to 1250 ppb). Preliminary heavy mineral fraction analysis suggests that the bulk of the gold is fine although locally some coarse gold was noted.

Field work on the Mackenzie project was completed in late September, 2006. All data was collated and reproduced on a series of maps at various scales. The 2006 work program was successful in locating gold mineralization in a series of mesothermal quartz veins in the only geochemical anomaly that was trenched. At least 6 additional geochemical anomalies remain untested. The Company is currently reviewing the results of 2006 exploration work and a decision regarding further work or joint venturing of the property will be made in the near future. However, based on this initial review, an aggregate of 94 claims, aggregating 39,294 hectares, were released from the agreement, leaving 70 claims (29,877 hectares) still subject to the agreement.

ITEM 5.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A

Operating results

The discussion and analysis in this section compares the operating results of the year ended November 30, 2006 to the year ended November 30, 2005, and the year ended November 30, 2005 to the year ended November 30, 2004, and should be read in conjunction with the Consolidated Financial Statements and the related Notes thereto provided at Item 17, Financial Statements. At the present time the Company's expenditures consist of general and administrative costs and exploration expenditures. The Company presently has no production from any mineral properties in which it has an interest and has no significant revenue items.

The Company is involved in mineral exploration activities in Argentina, Peru and British Columbia, Canada. To date, the Company has not generated any revenue from operations. Expenditures related to mineral exploration on specific properties are capitalized and corporate overhead generated items are expensed. Exploration and overhead expenditures fluctuate depending on the exploration stage of the Company's various projects and on the amount of available working capital. The Company are not restricted in its ability to transfer funds to its subsidiaries.

The Company did not engage, does not currently engage, nor does it expect to engage, in any hedging transactions to protect against fluctuations between Canadian and U.S., Argentinean or Peruvian currencies. The Company's expenses are denominated in Canadian, U.S., Argentinean and Peruvian currencies.

The following discussion of the operating results and financial position should be read in conjunction with the Company's consolidated financial statements (and related notes).

Fiscal Year Ended November 30, 2006

The following is a summary of significant events and transactions that occurred during the fiscal year ended November 30, 2006:

1.

The Company raised $3,035,000 (gross) from three private placements.

2.

The Company raised $2,537,600 (gross) through the exercise of 3,289,500 share purchase warrants and $537,250 (gross) through the exercise of 730,000 stock options.

3.

The Company incurred exploration costs of approximately $6.9 million (2005 - $1.9 million) on its currently active mineral property interests.

4.

On December 1, 2005, the Company changed its accounting policy to capitalizing all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures net of recoveries. This change in policy has been retroactively applied. The effect of the change in accounting policy on the consolidated financial statements of the prior year is to capitalize $1,894,875 of exploration costs that would otherwise have been expensed.

5.

Significant management changes occurred, resulting in Mr Hendrik Van Alphen becoming the President and Chief Executive Officer (effective July 12, 2006), Mr. Lawrence W. Talbot becoming the Vice-President and General Counsel (effective July 1, 2006) and Ms. Marla Ritchie becoming the Corporate Secretary (effective August 14, 2006).

Subsequent to November 30, 2006, additional changes occurred with respect to the Company's directors and officers. At the Annual General Meeting held on December 5, 2006, Mr. Gary Freeman did not stand for re-election as a director, and Messrs. Jeffrey Pontius and Maurice Strong were elected as directors. Subsequently, Mr. Jerry Pogue retired as a director on April 24, 2007.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the accompanying financial statements.

	Years Ended November 30		
	2006	**2005**	**2004**
		(re-stated)	**(re-stated)**
Total revenues	$ -	$ -	$ -
Loss before other items	1,977,603	1,212,324	1,085,507
Net loss	1,931,779	1,281,180	1,630,322
Basic and diluted loss per share	(0.11)	(0.11)	(0.24)
Total assets	10,815,156	4,147,110	3,035,983
Future income tax liabilities	155,447	$ -	$ -
Weighted average common shares outstanding	17,145,600	11,648,823	6,732,969

Cash dividends	-	-	-

Results of Operations: Annual

Fiscal Year ended November 30, 2006

During the year ended November 30, 2006, the Company incurred a loss of $1,931,779 compared to $1,281,180 in the prior year. The loss in 2006 increased by $650,599 and was comprised primarily of the following expenses which include non-cash stock based compensation expense:

		2006	
	Expense category	**Stock-based compensation**	**Total**
Consulting fees	$ 231,571	$ 431,691	$ 663,262
Professional fees	243,007	20,863	263,870
Salaries	22,338	69,546	91,884
Shareholder communications	203,817	74,406	278,223
	$ 700,733	$ 596,506	$ 1,297,239

		2005	
	Expense category	**Stock-based compensation**	**Total**
Consulting fees	$ 213,240	$ 157,074	$ 370,314
Professional fees	125,413	-	125,413
Salaries	146,023	-	146,023
Shareholder communications	157,287	72,458	229,745
	$ 641,963	$ 229,532	$ 871,495

The Company recognizes an expense for stock options granted, and a share issuance cost in respect of agents' warrants issued in connection with private placements, as determined by the Black-Scholes pricing model.

Salaries in 2005 are comprised exclusively of costs relating to the Company's former President who resigned in early 2005, while salaries in 2006 relate to the hiring, in July 2006, of a Vice-President and General Counsel (the Company's sole employee).

All other administrative expense categories, except for rent, increased as compared to 2005. These increases are due to a higher level of exploration and related regulatory and business activity. Travel expenses were incurred primarily by directors, officers and consultants in respect of property due diligence, financing activities, and for general corporate purposes, and has increased with the level of exploration activity.

Consulting fees of $663,262 (2005 - $370,314) include $324,621 (2005 -163,856) paid to related parties (see "Transactions with Related Parties").

On December 1, 2005, the Company changed its accounting policy to capitalizing all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures net of recoveries. This change in policy has been retroactively applied. The effect of the change in accounting policy on the consolidated financial statements of the prior year is to capitalize $1,894,875 of exploration costs that would otherwise have been expensed. The Company believes that given the significantly increased level of exploration activity during the past two fiscal years, together with the benefits of consistent accounting treatment and presentation used by other Canadian exploration companies, that this change in accounting policy will provide better information with respect to its investment in its mineral properties.

The Company incurred expenditures on its mineral properties as follows:

	Years Ended November 30		
	2006	**2005**	**2004**
		(re-stated)	
Peru			
	$	$	$
Acquisition	1,200,005	-	426,606
Exploration	-	8,562	58,241
Argentina			

Acquisition	451,000	263,760	
Exploration	4,086,316	884,403	
Canada			
Acquisition	403,000	178,000	
Exploration	735,158	568,712	
Nevada, USA, Properties			
Acquisition	-	-	-
Exploration	-	578	19,415
Less amounts written off	-	(9,140)	(504,262)
Total mineral properties	$ 6,875,479	$ 1,894,875	$ -

Fiscal Year Ended November 30, 2005

During the fiscal year ended November 30, 2005, the Company incurred a loss of $3,176,055 compared to $1,630,322 in the prior year. The loss in 2005 increased by $1,545,733 and was primarily comprised of the following expense changes: stock-based compensation decreased ($335,362 vs. $549,360) due to the different nature and timing of stock option grants, while exploration costs of $1,798,184 increased significantly and are related to the gold and uranium properties acquired by the Company in 2005. The 2004 expenditures were primarily on the Amata property in Peru which was disposed of in 2005. Salaries in 2005 are comprised exclusively of severance costs relating to the Company's former President who resigned in early 2005. Listing and transfer agent fees decreased to a more normal level ($35,340) compared with the unusually high amounts incurred in 2004 ($81,156) as a consequence of completing several private placements. Professional fees and travel have both increased steadily year over year commensurate with the Company's overall increase in exploration and business activity.

Total consulting fees of $213,240 (2004 - $234,116) include $105,600 (2004 - $152,500) paid to related parties (see "Transactions with Related Parties" below). Travel expenses were incurred primarily by directors in respect of property due diligence, to complete private placement financings, and for general corporate purposes.

The Company incurred exploration costs of $1,798,184 in 2005 substantially on its newly acquired properties, compared to $504,262 and $27,783 in 2004 and 2003 respectively on the Amata Project in Peru, and the Nevada, USA claims as follows:

	Year ended November 30, 2005	**Year ended November 30, 2004**	**Year ended November 30, 2003**
Mackenzie Project, BC, Canada			
	$	$	$
Acquisition	178,000	-	-
Exploration	542,254	-	-
Argentina Uranium Project			
Acquisition	263,760	-	-
Exploration	805,030		
Amata Project, Peru			
Acquisition	-	426,606	-
Exploration	8,562	58,241	-
Nevada, USA, Properties			
Acquisition	-	-	27,783
Exploration	578	19,415	-
	$	$	$
Total	1,798,184	504,262	27,783

The Company recognizes an expense for stock options granted, and a share issuance cost in respect of agents' warrants issued in connection with private placements, as determined by the Black-Scholes pricing model. In 2004, options were granted but no agents' warrants were issued. As a result of the options granted, $335,362 (2004 - $549,360) was recorded as a credit to contributed surplus. As a result of the exercise of stock options during the year, $42,910 (2004 - $16,800) was debited to contributed surplus and credited to the value of the options exercised.

Fiscal Year Ended November 30, 2004

During the fiscal year ended November 30, 2004 the Company incurred a loss of $1,630,322 compared to a loss of $263,199 in the prior year. The loss in 2004 increased by $1,367,123 and was primarily comprised of the following: Stock-based compensation ($549,360), exploration costs (increase of $476,479) and consulting fees (increase of $155,316). These items account for $1,181,155 (86%) of the increase. During 2003, the Company was relatively inactive with regard to its mineral property holdings, and did not record stock-based compensation on the granting of stock options. In fiscal 2004, the Company moved to its current offices, completed four private placements and entered into new property agreements. As a consequence, general administrative expense categories also increased. Listing and transfer agent fees increased fourfold to $81,156 from $20,730 primarily due to costs associated with the private placements. Professional fees and travel both almost doubled to $86,837 and $44,237 respectively, from $52,900 and $24,702.

Total consulting fees of $238,116 include $156,500 from related parties (see "Transactions with Related Parties" below). Other consulting fees and salaries were $81,616 (2003 - $22,800). Remuneration to related parties in fiscal 2004 was comprised of $125,000 to the former President, $22,500 to the President, and $4,000 to the CFO. Included in the $125,000 to the former President is a $60,000 severance fee for stepping down upon the appointment of a new President.

Travel expenses were incurred primarily by directors in respect of completing private placement financings, for general corporate purposes, for attendance at two trade shows, and for property investigations.

The Company incurred acquisition and exploration costs of $504,262, comprised of $484,847 on the Amata Project in Peru, and $19,415 on the Nevada, USA claims as follows:

	Amata Project, Peru	**Betty O'Neal Claims, Nevada**	**BET 1-23 Claims, Nevada**	**Total**
Acquisition costs	$	$	$	$
	381,970		-	381,970
Taxes and fees	44,636	-	-	44,636
Claim and filing fees	-	11,719	4,033	15,752
Geological consulting	23,278	-	-	23,278
Insurance	-	3,663	-	3,663
Surveying	21,756	-	-	21,756
Travel	13,207	-	-	13,207
Total	$	$	$	$
	484,847	15,382	4,033	504,262

The Amata project acquisition costs are comprised of a cash payment of US$100,000 and the issuance of 200,000 common shares at a fair value of $1.22 per share. The other costs were incurred as a result of examining and evaluating the property.

The Company recognizes an expense for stock options granted, and a share issuance cost in respect of agents' warrants issued in connection with private placements, as determined by the Black-Scholes pricing model. In 2004, options were granted but no agents' warrants were issued. As a result of the options granted, $549,360 was recorded as a

credit to contributed surplus. As a result of the exercise of stock options during the year, $16,800 was debited to contributed surplus and credited to the value of the options exercised.

Net loss for the year ended November 30, 2004 under US GAAP was $1,630,322 (2003 - $263,199; 2002 - $388,185).

In fiscal 2004, total assets of the Company increased to $3,035,983 from $117,052 as at November 30, 2003. During the 2004 fiscal year, the Company received $3,549,400 from private placements, $161,400 from the exercise of warrants and $10,000 from exercise of stock options subsequent to year end.

In fiscal 2004, the Company expended a total of $2,875 on claim maintenance on the Bet properties in Nevada as compared to $27,783 on exploration programs in 2003.

Options to Purchase Securities from Registrant or Subsidiaries

The following table summarizes the grants, and exercises and cancellations of incentive stock options for the fiscal years ended November 30, 2006, 2005 and 2004:

	2006	**2005**	**2004**
Outstanding, beginning of year	1,260,000	920,000	95,000
Granted:			
Exercisable at $0.25	-	-	120,000
Exercisable at $0.70	-	585,000	900,000
Exercisable at $1.05	-	175,000	-
Exercisable at $1.00	-	50,000	-
Exercisable at $1.12	-	75,000	-
Exercisable at $1.41	75,000	-	-
Exercisable at $1.45	100,000	-	-
Exercisable at $2.00	153,000	-	-
Exercisable at $1.80	550,000	-	-
Exercisable at $1.65	310,000	-	-
Exercisable at $1.72	50,000	-	-

Exercised:			
Exercised at $0.25	-	(20,000)	(195,000)
Exercised at $0.70	(655,000)	(75,000)	-
Exercised at $1.05	(75,000)	-	-
Cancelled	-	(25,000)	-
Cancelled	-	(425,000)	-
Outstanding, end of year	1,768,000	1,260,000	920,000

5.B

Liquidity and Capital Resources

The Company's primary source of funds since incorporation has been from the sale of Common Shares through private placements and the exercise of incentive stock options and share purchase warrants. The Company has no revenue from mining to date and does not anticipate mining revenues in the foreseeable future. The Company believes that it have adequate working capital to proceed with the Company's presently planned exploration programs. As at November 30, 2006, the Company had working capital of $1,733,607 (audited), and as at May 31, 2007, the Company had working capital of $6,319,124 (unaudited).

The Company does not have any loan agreements or other current financing plans to raise additional capital. However, the Board of Directors may seek to increase the funds available for exploration and property acquisition activities through one or more private placements if, in their opinion, additional acquisitions or exploration activities are warranted.

The Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration programs or the future acquisition of projects.

Fiscal year ended November 30, 2006

In July 2006, the Company completed a non-brokered private placement consisting of 170,000 units at $1.75 for gross proceeds of $297,500. Each unit consisted of one Common Share and one-half of a transferable warrant, with each whole warrant being exercisable to acquire one additional Common Share at a price of $2.25 until January 13, 2008.

Also in July 2006, the Company completed a brokered private placement consisting of 1,230,000 non-flow through units at $1.75 and 300,000 flow-through units at $1.95 for gross proceeds of $2,737,500. Each unit issued in the placement consisted of one Common Share and one-half of a transferable warrant. Each whole warrant is exercisable to acquire one additional Common Share at a price of $2.25 until January 12, 2008.

During the year, the Company raised $2,537,600 (2005 - $929,500) from the exercise of warrants and $537,250 (2005 - $57,500) from the exercise of stock options.

Fiscal year ended November 30, 2005

In June 2005, the Company completed a private placement consisting of 1,000,000 units at a price of $0.56 per unit for total proceeds of $560,000. Each unit consisted of one Common Share and one half of a warrant. Each whole warrant entitled the holder to purchase one Common Share at a price of $0.80 until December 23, 2006.

In July 2005, the Company completed a private placement consisting of 150,000 units at a price of $0.61 per unit for total proceeds of $91,500. Each unit consisted of one Common Share and one-half of a warrant. Each whole warrant entitled the holder to purchase one Common Share at a price of $0.80 until January 5, 2007.

Fiscal year ended November 30, 2004

In fiscal 2004, the Company raised a total of $3,549,400 through the issuance of a total of 7,666,250 of Common Shares by way of private placements as detailed below.

In February 2004, the Company completed a private placement consisting of 850,000 units at a price of $0.24 per unit, for total proceeds of $204,000. Each unit consisted of one common share and one-half a warrant. One full warrant entitled the holder to purchase an additional Common Share at a price of $0.35 until August 26, 2005.

In March 2004, the Company completed a private placement consisting of 2,500,000 units at a price of $0.27 per unit, for total proceeds of $675,000. Each unit consisted of one common share and one-half of a warrant. One full warrant entitled the holder to purchase an additional Common Share at a price of $0.35 until March 15, 2006.

In May 2004, the Company completed a private placement consisting of 3,010,000 units at a price of $0.54 per unit, for total proceeds of $1,625,400. Each unit consisted of one Common Share and one-half of a warrant. One full warrant entitled the holder to purchase an additional Common Share at a price of $0.80 until May 14, 2006.

In September, 2004, the Company completed a private placement consisting of 1,306,250 units at a price of $0.80 per unit, for total proceeds of $1,045,000. Each unit consisted of one Common Share and one warrant. Each warrant entitled the holder to purchase an additional Common Share at a price of $1.00 until March 7, 2006.

During the year ended November 30, 2004, the Company used $1,184,084 of its cash resources for operating activities and $5,732 in investing activities. These activities were funded by initial cash balance on hand at the beginning of the year and funds raised during the year.

5.C

Research and Development, Patents and Licenses, etc.

Not applicable.

5.D

Trend Information

Not applicable.

5.E

Off-Balance Sheet Arrangements

Not applicable

5.F

Tabular Disclosure of Contractual Obligations

Not applicable.

ITEM 6.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A

Directors and Senior Management

The following table sets out the directors and executive officers of the Company and all positions and offices held with the Company as at May 31, 2007:

Name	Position	Date of First Election or

		Appointment
Hendrik Van Alphen	President, Chief Executive Officer and Director	September 27, 2004
Michael Bartlett(1)	Director	January 31, 2000
Maurice Strong(1)	Director	December 5, 2006
Jeffrey A. Pontius(1)	Director	December 5, 2006
Michael W. Kinley	Chief Financial Officer	December 21, 2005
Lawrence W. Talbot	Vice-President and General Counsel	July 1, 2006
Marla K. Ritchie	Corporate Secretary	August 14, 2006

(1)

Member of Audit Committee

There are no family relationships among any of the above named directors or officers. There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any person referred to above was selected as a director or member of senior management.

Hendrik Van Alphen (President, Chief Executive Officer and Director) **-** Mr. Van Alphen has been in the mining business for 25 years. He started, initially, as a successful exploration/drilling contractor, and then became the President of Pacific Rim Mining Corp., where he laid the foundation for Pacific Rim to become a successful South American based resource company. He served as Vice-President of Corriente Resources Inc. from 1994 to 1999, following which he became the President of Cardero Resource Corp., reactivating it and spearheading its entrance into South America, particularly Argentina and Peru. Mr. Van Alphen is presently a director and officer of Cardero Resource Corp., International Tower Hill Mines Ltd. and Athlone Energy Corp., all public natural resource companies.

Michael Bartlett (Director) Mr. Bartlett has, since 1989, been the President and owner of Leisure Capital & Management Inc., a company which specializes in the pre-development start-ups and innovative strategic, conceptual, economic and financial solutions. He is also the President and Chief Executive Officer of Creative Entertainment & Technologies, Inc., a public company trading on the TSXV.

Maurice Strong P.D., O.C., LL.D. (Director) - Mr. Strong has been working for over 30 years at senior levels in business, government and international organizations and now spends most of his time in China. His current appointments include: Chairman, Cosmos International Group; Vice-Chairman, Chicago Climate Exchange; Chairman, International Advisory Board, CH2M HILL Companies Ltd.; Honorary Professor, Peking University (Beijing); and Visiting Professor, University of Ottawa (Canada). Some of Mr. Strong's past appointments include: Under Secretary General and Special Advisor to the Secretary General of the United Nations; Senior Advisor to the President, World Bank; Chairman and Chief Executive Officer, Ontario Hydro; Member, International Advisory Board, Toyota Motor Corporation. Mr. Strong is a Member of the Queen's Privy Council for Canada.

Jeffrey Pontius (Director) - Mr. Pontius has over 28 years of geological experience and possesses a distinguished track record of successful discovery that includes three precious metal deposits. Significantly, during 1989-1996, as Exploration Manager of Pikes Peak Mining Company (a subsidiary of NERCO Mineral Co. and Independence Mining Company), he managed the large district scale exploration program resulting in the discovery of the Cresson Deposit at Cripple Creek, Colorado, containing over 5 million ounces of gold. While working as Exploration Manager, Mr. Pontius developed an integrated exploration program which focused on both surface bulk mine able and underground high grade target types. He spent the past seven years at AngloGold Ashanti (USA) Exploration Inc., starting as Senior US Exploration Manager, and became North American Exploration Manager and also a Director of Anglo American (USA) Exploration Inc. He was also a member of the regional business development team and provided technical and strategic support for the company's acquisition program. During the past four years as US and North American Exploration Manager, Mr. Pontius led the exploration team that spent US$10 million developing an extensive database and acquiring all of the Alaskan projects the Company recently acquired from AngloGold. He left AngloGold Ashanti to become the President and Chief Executive Officer of International Tower Hill Mines Ltd. and continue the exploration programs he started at AngloGold. Mr. Pontius holds a Masters Degree from the University of Idaho (Economic Geology), a BSc from Huxley College of Environmental Studies (Environmental Science) and a BSc from Western Washington University (Geology). Mr. Pontius is presently the President and Chief Executive Officer of International Tower Hill Mines Ltd., a public natural resource company with a focus on the acquisition of precious and base metal properties in Alaska and Nevada.

Michael W. Kinley (Chief Financial Officer) Mr. Kinley possesses extensive public company experience and, the financial qualifications to play an important role as the Company continues to rapidly expand. He received his Chartered Accountant designation in 1973 in Ontario while with KPMG, where he became a partner in 1981. Since 1993, Mr. Kinley has been the president of Winslow Associates Management & Communications Inc., a private consulting firm which provides accounting and regulatory support services to junior public companies. He is a director and the Chief Financial Officer of Indico Technologies Ltd. and StonePoint Global Brands Ltd., and is the Chief Financial Officer of Cardero Resource Corp. and International Tower Hill Mines Ltd. He is an officer and/or director of a number of other public companies, including Noise Media Inc., WorldStar Energy Corp. and Can-Asia Minerals Inc.

Lawrence W. Talbot (Vice President and General Counsel) Mr. Talbot is a mining lawyer with over 20 years experience in representing a wide range of clients in the mining industry, from individual prospectors and junior and mid-size explorers and producers through to major mining companies, in both the hard-rock and industrial mineral fields. He has extensive experience acting for public natural resource companies and providing advice on all aspects of their businesses, including mineral property acquisitions, divestitures and joint ventures, corporate finance, securities and regulatory matters, corporate governance and shareholder issues, and all aspects of corporate acquisitions, takeovers, divestitures and reorganizations. He is a director and officer of a number of public natural resource companies including Alma Resources Ltd., Cardero Resource Corp., Excellon Resources Inc., Gold Port Resources Ltd., Samba Gold Inc. and International Tower Hill Mines Ltd. Prior to July 1, 2006, he was a partner in one of Canada's largest law firms, and now acts as general counsel to a select group of public companies, including the Company.

Marla K. Ritchie (Corporate Secretary) Ms. Ritchie brings over 20 years experience in public markets working as an Administrator and Corporate Secretary specializing in resource based exploration companies. Since 2001, she has

worked as the Corporate Secretary for Cardero Resource Corp. Between 1988 and 2003, she worked for Ascot Resources Ltd., Brett Resources Inc., Golden Band Resources Inc., Hyder Gold Inc., Leicester Diamond Mines Ltd., Loki Gold Corporation, Oliver Gold Corporation and Solomon Resources Limited.

Conflicts of Interest

There are no existing or potential conflicts of interest among the Company's directors or officers as a result of their outside business interests with the exception that certain of such directors and officers serve as directors and/or officers of other companies, and, therefore, it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies.

The Company's directors and officers are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company has and will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of the Company's directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

All of the Company's directors and officers are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, developing and exploiting natural resource properties including properties in countries where the Company is conducting its operations. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which place it in a worse position than if no conflict existed. The Company's directors and officers are required by law to act honestly and in good faith with a view to the Company's best interests and to disclose any interest which they may have in any project or opportunity of the Company. However, each director and officer has a similar obligation to other companies for which such director or officer serves as an officer or director. The Company does not have any specific internal policy governing conflicts of interest.

The following table identifies, as of May 31, 2007, the name of each officer and director and any public company (a) which employs such officer or director, (b) for which such officer or director currently serves as an officer or director, or (c) which is affiliated with such officer or director (other than the Company):

Name of Director/Officer	Name of Company	Description of Business	Position
Hendrik van Alphen	Cardero Resource Corp.	Natural resource	CEO, Pres. & Dir.

	International Tower Hill Mines Ltd.	Natural resource	Director & Chairman
	Athlone Energy Corp.	Natural resource	Director
Maurice Strong	None		
Michael Bartlett	International Tower Hill Mines Ltd.	Natural Resource	Director
Jeff Pontius	Skygold Ventures Ltd.	Natural resource	Director
	International Tower Hill Mines Ltd.	Natural Resource	President & CEO
Michael Kinley	Indico Technologies Ltd.	Natural resource	CFO & Director
	StonePoint Global Brands Ltd.	Premium bottled water	CFO & Director
	Cardero Resource Corp.	Natural resource	CFO
	Wealth Minerals Ltd.	Natural resource	CFO
	Noise Media Inc.	Natural resource	Pres., CFO & Dir.
	WorldStar Energy Corp.	Natural resource	CEO & Director
	Can-Asia Minerals Inc.	Natural resource	CEO & Director
	International Tower Hill Mines Ltd.	Natural resource	CFO
Lawrence Talbot	Alma Resources Ltd.	Natural resource	Director
	Cardero Resource Corp.	Natural resource	Dir., V-P & Gen. Cnsl
	Excellon Resources Inc.	Natural resource	Sec. & Gen. Counsel
	Gold Port Resources Ltd.	Natural resource	Secretary
	Samba Gold Inc.	Natural resource	Secretary
	International Tower Hill Mines Ltd.	Natural resource	Sec., V-P & Gen. Cnsl.
Marla Ritchie	Cardero Resource Corp.	Natural resource	Secretary
	International Tower Hill Mines Ltd.	Natural resource	Secretary

6.B

Compensation

The following tables set forth all annual and long term compensation for services in all capacities to the Company and its subsidiaries for the fiscal year ended November 30, 2006 in respect of the Company's directors and members of its

administrative, supervisory or management bodies.

Summary Compensation Table

Annual Compensation

C

Name and Principal Position	**Fiscal Year Ended**	**Salary ($)**	**Bonus ($)**	**Other Annual Comp ($)**
Henk Van Alphen, Director, President & CEO [1]	Nov. 30/06	$68,400[2]	Nil	Nil
Jerry Pogue, Director & Acting CEO[3]	Nov. 30/06	$30,598	Nil	Nil
Gary R. Freeman, Director[4]	Nov. 30/06	$25,000	Nil	Nil
Michael Bartlett, Director	Nov. 30/06	Nil	Nil	Nil
Michael Kinley, CFO	Nov. 30/06	$36,000[5]	Nil	Nil
Lawrence Talbot, VP & General Counsel[6]	Nov. 30/06	$22,338		

ITEM 9B. OTHER INFORMATION

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required to be furnished pursuant to this item will be set forth under the captions "Proposal One: Election of Directors," "Executive Officers," "Corporate Governance," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Miscellaneous — Available Information" in the Company's Proxy Statement to be filed with the SEC no later than April 30, 2013. If the Proxy Statement is not filed with the SEC by April 30, 2013, such information will be included in an amendment to this Annual Report filed by April 30, 2013. See also Item 1. Business — Available Information.

ITEM 11. EXECUTIVE COMPENSATION.

The information required to be furnished pursuant to this item is incorporated by reference from the information set forth under the caption "Executive Compensation" in the Company's Proxy Statement to be filed with the SEC no later than April 30, 2013. If the Proxy Statement is not filed with the SEC by April 30, 2013, such information will be included in an amendment to this Annual Report filed by April 30, 2013.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required to be furnished pursuant to this item will be set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Company's Proxy Statement to be filed with the SEC by April 30, 2013. If the Proxy Statement is not filed with the SEC by April 30, 2013, such information will be included in an amendment to this Annual Report filed by April 30, 2013.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

The information required to be furnished pursuant to this item will be set forth under the captions “Transactions With Related Persons” and “Corporate Governance — Director Independence” in the Company’s Proxy Statement to be filed with the SEC by April 30, 2013. If the Proxy Statement is not filed with the SEC by April 30, 2013, such information will be included in an amendment to this Annual Report filed by April 30, 2013.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required to be furnished pursuant to this item will be set forth under the caption “Principal Accountant Fees and Services” in the Company’s Proxy Statement to be filed with the SEC no later than April 30, 2013. If the Proxy Statement is not filed with the SEC by April 30, 2013, such information will be included in an amendment to this Annual Report filed by April 30, 2013.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) 1. and 2. Consolidated Financial Statements and Schedules

The reports of our independent registered public accounting firm and consolidated financial statements listed in the Index to Consolidated Financial Statements herein are filed as part of this report.

All financial statement schedules not listed in the Index have been omitted because the information required is not applicable or is shown in the consolidated financial statements or notes thereto.

3. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
3.1(1)	Restated Certificate of Incorporation of the Company.
3.2(2)	Bylaws as amended through February 2, 2012.
4.1(1)	Form of Certificate for Common Stock as of June 2, 2005.
4.2(3)	Credit Agreement, dated as of December 22, 2010, among the Company, the several lenders from time to time parties thereto, and JPMorgan Chase Bank, N.A. as administrative agent.
10.1(4)	Lease dated April 16, 2010 between Soundview Farms and the Company for premises at 56 Top Gallant Road, 70 Gatehouse Road, and 88 Gatehouse Road, Stamford, Connecticut.
10.2(4)	First Amendment to Lease dated April 16, 2010 between Soundview Farms and the Company for premises at 56 Top Gallant Road, 70 Gatehouse Road, and 88 Gatehouse Road, Stamford, Connecticut.
10.4(5)+	2011 Employee Stock Purchase Plan.

10.6(6)+	2003 Long-Term Incentive Plan, as amended and restated on June 4, 2009.
10.7(7)+	Amended and Restated Employment Agreement between Eugene A. Hall and the Company dated as of April 13, 2011.
10.8(8)+	Company Deferred Compensation Plan, effective January 1, 2009.
10.9(9)+	Form of Stock Appreciation Right Agreement for executive officers.
10.10(9)+	Form of Performance Stock Unit Agreement for executive officers.
21.1*	Subsidiaries of Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney (see Signature Page).
31.1*	Certification of chief executive officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of chief financial officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32*	Certification under Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed with this document.

\+ Management compensation plan or arrangement.

(1) Incorporated by reference from the Company's Current Report on Form 8-K dated June 29, 2005 as filed on July 6, 2005.

(2) Incorporated by reference from the Company's Current Report on Form 8-K dated February 2, 2012 as filed on February 7, 2012.

(3) Incorporated by reference from the Company's Annual Report on Form 10-K as filed on February 15, 2011.

(4) Incorporated by reference from the Company's Quarterly Report on form 10-Q as filed on August 9, 2010.

(5) Incorporated by reference from the Company's Proxy Statement (Schedule 14A) as filed on April 18, 2011.

(6) Incorporated by reference from the Company's Proxy Statement (Schedule 14A) as filed on April 21, 2009.

(7) Incorporated by reference from the Company's Quarterly Report on Form 10-Q as filed on August 2, 2011.

(8) Incorporated by reference from the Company's Annual Report on Form 10-K as filed on February 20, 2009.

(9) Incorporated by reference from the Company's Current Report on Form 8-K dated February 12, 2013 as filed on February 13, 2013.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
GARTNER, INC.
CONSOLIDATED FINANCIAL STATEMENTS

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All financial statement schedules have been omitted because the information required is not applicable or is shown in the consolidated financial statements or notes thereto.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Gartner, Inc.:

We have audited the accompanying consolidated balance sheets of Gartner, Inc. and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gartner, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

(KPMG LLP LOGO)

/s/ KPMG LLP

New York, New York
February 22, 2013

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Gartner, Inc.:

We have audited Gartner, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Gartner, Inc. and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012, and our report dated February 22, 2013 expressed an unqualified opinion on those consolidated financial statements.

(KPMG LLP LOGO)

/s/ KPMG LLP

New York, New York
February 22, 2013

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GARTNER, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE DATA)

	December 31, 2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	$299,852	$142,739
Fees receivable, net of allowances of $6,400 and $7,260 respectively	463,968	421,033
Deferred commissions	87,933	78,492
Prepaid expenses and other current assets	75,713	63,521
Total current assets	927,466	705,785
Property, equipment and leasehold improvements, net	89,089	68,132
Goodwill	519,506	508,550
Intangible assets, net	11,821	7,060
Other assets	73,395	90,345
Total Assets	$1,621,277	$1,379,872
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$287,763	$259,490
Deferred revenues	692,237	611,647
Current portion of long-term debt	90,000	50,000
Total current liabilities	1,070,000	921,137
Long-term debt	115,000	150,000
Other liabilities	129,604	126,951
Total liabilities	1,314,604	1,198,088
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; 156,234,415 shares issued for both periods	78	78
Additional paid-in capital	679,871	646,815
Accumulated other comprehensive income, net	5,968	5,793
Accumulated earnings	908,482	742,579
Treasury stock, at cost, 62,873,100 and 62,891,251 common shares, respectively	(1,287,726)	(1,213,481)
Total stockholders’ equity	306,673	181,784
Total Liabilities and Stockholders’ Equity	$1,621,277	$1,379,872

See Notes to Consolidated Financial Statements.

GARTNER, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Year Ended December 31,		
	2012	2011	2010
Revenues:			
Research	$1,137,147	$1,012,062	$865,000
Consulting	304,893	308,047	302,117
Events	173,768	148,479	121,337
Total revenues	1,615,808	1,468,588	1,288,454
Costs and expenses:			
Cost of services and product development	659,067	608,755	552,238
Selling, general and administrative	678,843	613,707	543,174
Depreciation	25,369	25,539	25,349
Amortization of intangibles	4,402	6,525	10,525
Acquisition and integration charges	2,420	—	7,903
Total costs and expenses	1,370,101	1,254,526	1,139,189
Operating income	245,707	214,062	149,265
Interest income	1,046	1,249	1,156
Interest expense	(9,905)	(11,216)	(16,772)
Other (expense) income, net	(1,252)	(1,911)	436
Income before income taxes	235,596	202,184	134,085
Provision for income taxes	69,693	65,282	37,800
Net income	$165,903	$136,902	$96,285
Net income per share:			
Basic	$1.78	$1.43	$1.01
Diluted	$1.73	$1.39	$0.96
Weighted average shares outstanding:			
Basic	93,444	96,019	95,747
Diluted	95,842	98,846	99,834

See Notes to Consolidated Financial Statements.

GARTNER, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(IN THOUSANDS)

	Year Ended December 31,		
	2012	2011	2010
Net income	$165,903	$136,902	$96,285
Other comprehensive income (loss)			
Foreign currency translation adjustments	4,318	(4,454)	582
Interest rate swap hedge - deferred (loss) gain	(127)	(7,790)	6,243
Pension - deferred actuarial (loss) gain	(5,993)	283	(1,012)
Subtotal	(1,802)	(11,961)	5,813
Tax effect of comprehensive income (loss) items	1,977	3,116	(2,497)
Other comprehensive income (loss)	175	(8,845)	3,316
Comprehensive income	$166,078	$128,057	$99,601

See Notes to Consolidated Financial Statements.

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GARTNER, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income, Net	Accumulated Earnings	Treasury Stock	Total Stockholders' Equity
Balance at December 31, 2009	$ 78	$ 590,864	$ 11,322	$ 509,392	$ (999,121)	$ 112,535
Net income	—	—	—	96,285	—	96,285
Other comprehensive income	—	—	3,316	—	—	3,316
Issuances under stock plans	—	(30,254)	—	—	53,822	23,568
Stock compensation tax benefits	—	18,520	—	—	—	18,520
Common share repurchases	—	—	—	—	(99,820)	(99,820)
Stock compensation expense	—	32,652	—	—	—	32,652
Balance at December 31, 2010	$ 78	$ 611,782	$ 14,638	$ 605,677	$ (1,045,119)	$ 187,056
Net income	—	—	—	136,902	—	136,902
Other comprehensive loss	—	—	(8,845)	—	—	(8,845)
Issuances under stock plans	—	(23,579)	—	—	43,624	20,045
Stock compensation tax benefits	—	25,778	—	—	—	25,778
Common share repurchases	—	—	—	—	(211,986)	(211,986)
Stock compensation expense	—	32,834	—	—	—	32,652

Balance at December 31, 2011	$78	$646,815	$5,793	$742,579	$(1,213,481)	$181,784
Net income	—	—	—	165,903	—	165,903
Other comprehensive income	—	—	175	—	—	175
Issuances under stock plans	—	(24,626)	—	—	37,059	12,433
Stock compensation tax benefits	—	21,304	—	—	—	21,304
Common share repurchases	—	—	—	—	(111,304)	(111,304)
Stock compensation expense	—	36,378	—	—	—	36,378
Balance at December 31, 2012	$78	$679,871	$5,968	$908,482	$(1,287,726)	$306,673

See Notes to Consolidated Financial Statements.

GARTNER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	Year Ended December 31,		
	2012	2011	2010
Operating activities:			
Net income	$165,903	$136,902	$96,285
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of intangibles	29,771	32,064	35,874
Stock-based compensation expense	36,378	32,865	32,634
Excess tax benefits from employee stock-based compensation exercises	(21,304)	(25,572)	(18,364)
Deferred taxes	973	(965)	(2,609)
Amortization and write-off of debt issue costs	2,008	2,288	1,567
Changes in assets and liabilities:			
Fees receivable, net	(38,617)	(58,887)	(48,177)
Deferred commissions	(8,871)	(6,928)	(2,184)
Prepaid expenses and other current assets	(10,604)	3,540	(376)
Other assets	15,113	4,397	(34,130)
Deferred revenues	71,645	91,765	85,336
Accounts payable, accrued, and other liabilities	37,418	44,097	59,643
Cash provided by operating activities	279,813	255,566	205,499
Investing activities:			
Additions to property, equipment and leasehold improvements	(44,337)	(41,954)	(21,694)
Acquisitions (net of cash received)	(10,336)	—	(12,151)
Cash used in investing activities	(54,673)	(41,954)	(33,845)
Financing activities:			
Proceeds from employee stock-based compensation plans and ESP Plan	12,430	20,011	23,527
Proceeds from borrowings	35,000	—	200,000
Payments on debt	(30,000)	(20,156)	(313,627)
Purchases of treasury stock	(111,304)	(211,986)	(99,820)
Excess tax benefits from employee stock-based compensation exercises	21,304	25,572	18,364
Cash used by financing activities	(72,570)	(186,559)	(171,556)
Net increase in cash and cash equivalents	152,570	27,053	98
Effects of exchange rates on cash and cash equivalents	4,543	(4,495)	3,509
Cash and cash equivalents, beginning of period	142,739	120,181	116,574
Cash and cash equivalents, end of period	$299,852	$142,739	$120,181

Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$8,968	$13,312	$11,484
Income taxes, net of refunds received	$46,907	$24,126	$25,486

See Notes to Consolidated Financial Statements.

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GARTNER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 — BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Business. Gartner, Inc. is a global information technology research and advisory company founded in 1979 with its headquarters in Stamford, Connecticut. Gartner delivers its principal products and services through three business segments: Research, Consulting, and Events. When used in these notes, the terms “Gartner,” “Company,” “we,” “us,” or “our” refer to Gartner, Inc. and its consolidated subsidiaries.

Basis of presentation. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), as defined in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 270 for financial information and with the applicable instructions of U.S. Securities & Exchange Commission (“SEC”) Regulation S-X. The fiscal year of Gartner represents the twelve-month period from January 1 through December 31. All references to 2012, 2011, and 2010 herein refer to the fiscal year unless otherwise indicated.

Principles of consolidation. The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Use of estimates. The preparation of the accompanying consolidated financial statements requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, goodwill, intangible assets, and other long-lived assets, as well as tax accruals and other liabilities. In addition, estimates are used in revenue recognition, income tax expense, performance-based compensation charges, depreciation and amortization, and the allowance for losses. Management believes its use of estimates in the accompanying consolidated financial statements to be reasonable.

Management continuously evaluates and revises its estimates using historical experience and other factors, including the general economic environment and actions it may take in the future. Management adjusts these estimates when facts and circumstances dictate. However, these estimates may involve significant uncertainties and judgments and cannot be determined with precision. In addition, these estimates are based on management's best judgment at a point in time. As a result, differences between our estimates and actual results could be material and would be reflected in the Company's consolidated financial statements in future periods.

Revenues. Revenue is recognized in accordance with U.S. GAAP and SEC Staff Accounting Bulletin No. 101, *Revenue Recognition* in Financial Statements ("SAB 101"), and SEC Staff Accounting Bulletin No. 104, *Revenue Recognition* ("SAB 104"). Revenues are only recognized once all required criteria for recognition have been met. The accompanying Consolidated Statements of Operations presents revenues net of any sales or value-added taxes that we collect from customers and remit to government authorities.

The Company's revenues by significant source are as follows:

Research

Research revenues are derived from annual subscription contracts for research products. These revenues are deferred and recognized ratably over the applicable contract term. The Company typically enters into annually renewable subscription contracts for research products. Reprint fees are recognized when the reprint is shipped.

The majority of research contracts are billable upon signing, absent special terms granted on a limited basis from time to time. Research contracts are non-cancelable and non-refundable, except for government contracts that may have cancellation or fiscal funding clauses, which historically have not produced material cancellations. It is our policy to record the entire amount of the contract that is billable as a fee receivable at the time the contract is signed with a corresponding amount as deferred revenue, since the contract represents a legally enforceable claim.

Consulting

Consulting revenues, primarily derived from consulting, measurement and strategic advisory services (paid one-day analyst engagements), are principally generated from fixed fee or time and materials engagements. Revenues from fixed fee engagements are recognized on a proportional performance basis, while revenues from time and material engagements are recognized as work is delivered and/or services are provided. Revenues related to contract optimization engagements are contingent in nature and are only recognized upon satisfaction of all conditions related to their payment. Unbilled fees receivable associated with consulting engagements were $34.0 million at December 31, 2012 and $29.2 million at December 31, 2011.

Events

Events revenues are deferred and recognized upon the completion of the related symposium, conference or exhibition. In addition, the Company defers certain costs directly related to events and expenses these costs in the period during which the related symposium, conference or exhibition occurs. The Company policy is to defer only those costs, primarily prepaid site and production services costs, which are incremental and are directly attributable to a specific event. Other costs of organizing and producing our events, primarily Company personnel and non-event specific expenses, are expensed in the period incurred. At the end of each fiscal quarter, the Company assesses on an event-by-event basis whether expected direct costs of producing a scheduled event will exceed expected revenues. If such costs are expected to exceed revenues, the Company records the expected loss in the period determined.

Allowance for losses. The Company maintains an allowance for losses which is composed of a bad debt allowance and a sales reserve. Provisions are charged against earnings, either as a reduction in revenues or as an increase to expense. The amount of the allowance for losses is based on historical loss experience, aging of outstanding receivables, our assessment of current economic conditions and the financial health of specific clients.

Cost of services and product development ("COS"). COS expense includes the direct costs incurred in the creation and delivery of our products and services.

Selling, general and administrative ("SG&A"). SG&A expense includes direct and indirect selling costs, general and administrative costs, and charges against earnings related to uncollectible accounts.

Commission expense. The Company records commission obligations upon the signing of customer contracts and amortizes the deferred obligation as commission expense over the period in which the related revenues are earned. Commission expense is included in SG&A in the Consolidated Statements of Operations.

Stock-based compensation expense. The Company accounts for stock-based compensation in accordance with FASB ASC Topics 505 and 718, as interpreted by SEC Staff Accounting Bulletins No. 107 ("SAB No. 107") and No. 110 ("SAB No.

110”). Stock-based compensation cost is based on the fair value of the award on the date of grant, which is expensed over the related service period, net of estimated forfeitures. The service period is the period over which the employee performs the related services, which is normally the same as the vesting period. During 2012, 2011, and 2010, the Company recognized $36.4 million, $32.9 million, and $32.6 million, respectively, of stock-based compensation expense (see Note 8 — Stock-Based Compensation), which is recorded in both COS and SG&A in the Consolidated Statements of Operations.

Income tax expense. As we prepare our consolidated financial statements, we estimate our income taxes in each of the jurisdictions where we operate. This process involves estimating our current tax expense together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheets. We record a valuation allowance to reduce our deferred tax assets when future realization is in question. We consider the availability of loss carryforwards, existing deferred tax liabilities, future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance. In the event we determine that we are able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment is made to reduce the valuation allowance and increase income in the period such determination is made. Likewise, if we determine that we will not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the valuation allowance is charged against income in the period such determination is made.

Cash and cash equivalents. Includes cash and all highly liquid investments with original maturities of three months or less, which are considered cash equivalents. The carrying value of cash equivalents approximates fair value due to their short-term maturity. Investments with maturities of more than three months are classified as marketable securities. Interest earned is classified in Interest income in the Consolidated Statements of Operations.

Property, equipment and leasehold improvements. The Company leases all of its facilities and certain equipment. These leases are all classified as operating leases in accordance with FASB ASC Topic 840. The cost of these operating leases, including any contractual rent increases, rent concessions, and landlord incentives, are recognized ratably over the life of the related lease agreement. Lease expense was $30.3 million, $26.2 million, and $23.5 million in 2012, 2011, and 2010, respectively.

Equipment, leasehold improvements, and other fixed assets owned by the Company

are recorded at cost less accumulated depreciation. Except for leasehold improvements, these fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful lives of the improvements or the remaining term of the related leases. The Company had total depreciation expense of $25.4 million, $25.5 million, and $25.3 million in 2012, 2011, and 2010, respectively.

Property, equipment and leasehold improvements, less accumulated depreciation and amortization, consist of the following (in thousands):

	Useful Life	December 31,	
	(Years)	2012	2011
Computer equipment and software	2 - 7	$135,167	$130,733
Furniture and equipment	3 - 8	29,907	34,828
Leasehold improvements	2 - 15	64,346	63,773
		229,420	229,334
Less — accumulated depreciation and amortization		(140,331)	(161,202)
		$89,089	$68,132

The Company incurs costs to develop internal use software used in our operations, and certain costs meeting the criteria outlined in FASB ASC Topic 350 are capitalized and amortized over future periods. At December 31, 2012 and 2011, net capitalized development costs for internal use software were $14.4 million and $13.6 million, respectively. Amortization of capitalized internal software development costs, which is classified in Depreciation in the Consolidated Statements of Operations, totaled $7.4 million, $7.8 million, and $7.9 million during 2012, 2011, and 2010, respectively.

Stamford headquarters lease renewal

The Company’s corporate headquarters is located in 213,000 square feet of leased office space in three buildings in Stamford, Connecticut. The Stamford facility accommodates research and analysis, marketing, sales, client support, production, corporate services, executive offices, and administration. In 2010 the Company entered into a new 15 year lease agreement for this facility which provides for a reduced rental until completion of certain renovation work. In accordance with FASB ASC Topic 840, the Company accounted for the new Stamford lease as an operating lease arrangement. The total minimum payments the Company is obligated to pay under this lease, including contractual escalation clauses and reduced rents during the renovation period, are being expensed on a straight-line basis over the lease term.

Under this arrangement, the landlord has provided a $25.0 million tenant

improvement allowance to be used to renovate the three buildings. The renovation work began in 2011 and is expected to be completed in early 2013. The $25.0 million contractual amount due from the landlord was recorded as a tenant improvement allowance in Other assets and as deferred rent in Other Liabilities on the Consolidated Balance Sheets. As the renovation work progresses and payments are received from the landlord, the tenant improvement receivable is relieved and leasehold improvement assets are recorded in Property, equipment, and leasehold improvements. The leasehold improvement assets are being amortized to Depreciation expense over their useful lives, beginning when the assets are placed in service. The amount recorded as deferred rent is being amortized as a reduction to rent expense (SG&A) on a straight-line basis over the term of the lease.

As of December 31, 2012, the Company had $21.0 million of remaining unamortized deferred rent resulting from the tenant improvement allowance, of which $1.5 million is recorded in Accounts payable and accrued liabilities and $19.5 million is recorded in Other liabilities on the Company's Consolidated Balance Sheets. The Company paid $17.0 million and $9.5 million in renovation costs for this project in 2012 and 2011, respectively, which are classified as cash outflows in the Investing activities section of the Company's Consolidated Statements of Cash Flows. The Company received landlord cash reimbursements for these expenditures of $13.0 million and $9.0 million in 2012 and 2011, respectively, which are classified as cash inflows in the Operating activities section of the Company's Consolidated Statements of Cash Flows.

Intangible assets. The Company has amortizable intangible assets which are amortized against earnings using the straight-line method over their expected useful lives. Changes in intangible assets subject to amortization during the two year period ended December 31, 2012 are as follows (in thousands):

December 31, 2012	Trade Name	Customer Relationships	Content	Software	Total
Gross cost, December 31, 2011	$5,758	$ 7,210	$—	$—	$12,968
Additions due to acquisition (1)	240	3,170	3,170	1,955	8,535
Foreign currency translation impact	21	182	277	169	649
Gross cost	6,019	10,562	3,447	2,124	22,152
Accumulated amortization (2)	(3,531)	(5,896)	(497)	(407)	(10,331)
Balance, December 31, 2012	$2,488	$ 4,666	$2,950	$ 1,717	$11,821

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December 31, 2011	Trade Name	Customer Relationships	Total
Gross cost, December 31, 2010	$5,758	$ 7,210	$12,968
Foreign currency translation impact	—	—	—
Gross cost	5,758	7,210	12,968
Accumulated amortization (2)	(2,303)	(3,605)	(5,908)
Balance, December 31, 2011	$3,455	$ 3,605	$7,060

(1) The Company acquired Ideas International in 2012 and recorded a total of $8.5 million of amortizable intangible assets. See Note 2—Acquisitions above for additional information.

(2) Intangible assets are being amortized against earnings over the following periods: Trade name—2 to 5 years; Customer relationships—4 years; Content—4 years; Software—3 years. Aggregate amortization expense related to intangible assets was $4.4 million, $6.5 million, and $10.5 million in 2012, 2011, and 2010, respectively.

The estimated future amortization expense by year from amortizable intangibles is as follows (in thousands):

2013	$5,490
2014	3,615
2015	2,005
2016	711
	$11,821

Goodwill. Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and identifiable intangible net assets acquired. The evaluation of the recoverability of goodwill is performed in accordance with FASB ASC Topic 350, which requires an annual assessment of potential goodwill impairment at the reporting unit level and whenever events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. The annual assessment of the recoverability of recorded goodwill can be based on either a qualitative or qualitative assessment or a combination of the two. Both methods utilize estimates which in turn require judgments and assumptions regarding future trends and events. As a result, both the precision and reliability of the resulting estimates are subject to uncertainty.

The Company conducted a qualitative assessment of the fair value of its three

reporting units as of September 30, 2012 based in part on the demonstrated historical trend of the fair values of the Company's reporting units substantially exceeding their carrying values and its recent financial performance. Among the factors included in the Company's qualitative assessment were general economic conditions and the competitive environment; actual and projected reporting unit financial performance; forward-looking business measurements; and external market assessments. Based on the results of the qualitative assessment, the Company believes the fair values of its reporting units continue to substantially exceed their respective carrying values.

The following table presents changes to the carrying amount of goodwill by reporting unit during the two year period ended December 31, 2012 (in thousands):

	Research	Consulting	Events	Total
Balance, December 31, 2010 (1)	$368,521	$99,817	$41,927	$510,265
Foreign currency translation adjustments	(1,541)	(140)	(34)	(1,715)
Balance, December 31, 2011	$366,980	$99,677	$41,893	$508,550
Addition due to acquisition (2)	7,455	—	—	7,455
Foreign currency translation adjustments	2,790	672	39	3,501
Balance, December 31, 2012	$377,225	$100,349	$41,932	$519,506

(1) The Company does not have accumulated goodwill impairment losses.

(2) The Company acquired Ideas International in mid-2012 and recorded $7.5 million of goodwill. All of the recorded goodwill resulting from the acquisition has been included in the Research segment. See Note 2—Acquisitions above for additional information.

Impairment of long-lived and intangible assets. The Company reviews its long-lived and intangible assets other than goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of the respective asset may not be recoverable. Such evaluation may be based on a number of factors including current and projected operating results and cash flows, changes in management's strategic direction as well as external economic and market factors. The Company's policy regarding long-lived assets and intangible assets other than goodwill is to evaluate the recoverability of these assets by determining whether the balance can be recovered through undiscounted future operating cash flows. Should events or circumstances indicate that the carrying value might not be recoverable based on undiscounted future operating cash flows, an impairment loss would be recognized. The

amount of impairment, if any, is measured based on the difference between projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds and the carrying value of the asset. The Company did not record any material impairment charges for long-lived and intangible assets during 2012, 2011, or 2010.

Pension obligations. The Company has defined-benefit pension plans in several of its international locations (see Note 13 — Employee Benefits). Benefits earned under these plans are generally based on years of service and level of employee compensation. The Company accounts for defined benefit plans in accordance with the requirements of FASB ASC Topic 715. The Company determines the periodic pension expense and related liabilities for these plans through actuarial assumptions and valuations. The Company recognized $2.6 million, $2.7 million, and $2.4 million of expense for these plans in 2012, 2011, and 2010, respectively. The Company classifies pension expense in SG&A in the Consolidated Statements of Operations.

Debt. The Company presents amounts borrowed in the Consolidated Balance Sheets at amortized cost. Accrued interest on amounts borrowed is classified in Interest expense in the Consolidated Statements of Operations. The Company had $205.0 million and $200.0 million of debt outstanding at December 31, 2012 and 2011. See Note 5—Debt for additional information regarding the Company's debt.

Foreign currency exposure. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at average exchange rates for the year. The resulting translation adjustments are recorded as foreign currency translation adjustments, a component of Accumulated other comprehensive income, net within the Stockholders' equity section of the Consolidated Balance Sheets.

Currency transaction gains or losses arising from transactions denominated in currencies other than the functional currency of a subsidiary are recognized in results of operations in Other (expense) income, net within the Consolidated Statements of Operations. Net currency transaction (losses) were $(2.3) million, $(1.3) million, and $(4.8) million in 2012, 2011, and 2010, respectively. The Company enters into foreign currency forward exchange contracts to mitigate the effects of adverse fluctuations in foreign currency exchange rates on these transactions. These contracts generally have a short duration and are recorded at fair value with both realized and unrealized gains and losses recorded in Other (expense) income, net. The net gain (loss) from these contracts was $0.6 million, $(1.2) million, and $2.8 million in 2012, 2011, and 2010, respectively.

Comprehensive income. On January 1, 2012, the Company retrospectively adopted FASB Accounting Standards Update ("ASU") No. 2011-05, *Comprehensive Income (Topic 220-10): Presentation of Comprehensive Income,* and a related amendment. Comprehensive income includes income and expense items from nonowner sources and consists of two separate components: net income as reported and other comprehensive income. ASU No. 2011-05 eliminates the option to report comprehensive income and its components in the statement of stockholders' equity. Instead, the new rule optionally requires the presentation of net income and comprehensive income in one continuous statement, or in two separate, but consecutive statements. The Company has presented net income, other comprehensive income and its components, and comprehensive income in a new, separate statement called the *Consolidated Statements of Comprehensive Income,* which is included herein. While the Company's presentation of comprehensive income has changed, there were no changes to the components or amounts that are recognized in net income or other comprehensive income under existing accounting guidance. As a result, the adoption of this new rule did not impact the Company's results of operations, cash flows, or financial position.

In February 2013, the FASB issued ASU No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income,* which updates ASU No. 2011-05. The standard requires that public companies present information about reclassification adjustments from accumulated other comprehensive income in their financial statements in a single note or on the face of the financial statements. Public companies will have to provide this information in both their annual and interim financial statements. The new requirements will take effect for Gartner beginning January 1, 2013 and will be applied prospectively.   While the Company has not completed its analysis of the new standard, it believes the new rule may result in additional disclosures and changes to the presentation of the Statement of Comprehensive Income.

Fair value disclosures. The Company has a limited number of assets and liabilities that are adjusted to fair value at each balance sheet date. The Company's fair value disclosures are included in Note 12 — Fair Value Disclosures.

Concentrations of credit risk. Assets that may subject the Company to concentration of credit risk consist primarily of short-term, highly liquid investments classified as cash equivalents, accounts receivable, interest rate swaps, and a pension reinsurance asset. The majority of the Company's cash equivalent investments and its interest rate swap contract are with investment grade commercial banks that are participants in the Company's credit facility. Accounts receivable balances deemed to be collectible from customers have limited concentration of credit risk due to our diverse customer base and geographic dispersion. The Company's pension

reinsurance asset (see Note 13 — Employee Benefits) is maintained with a large international insurance company that was rated investment grade as of December 31, 2012.

Stock repurchase programs. The Company records the cost to repurchase its own common shares to treasury stock. During 2012, 2011 and 2010 the Company recorded $111.3 million, $212.0 million, and $99.8 million, respectively, of stock repurchases (see Note 7 — Stockholders' Equity). Shares repurchased by the Company are added to treasury shares and are not retired.

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Recent accounting developments. Accounting rules that have been issued by the FASB that have not yet become effective and that may impact the Company's consolidated financial statements or related disclosures in future periods are described below:

Balance sheet offsetting. In December 2011, the FASB issued ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*. The new guidance requires disclosures about assets and liabilities that are offset or have the potential to be offset under U.S. GAAP rules. These disclosures are intended to address differences in the asset and liability offsetting requirements under U.S. GAAP and International Financial Reporting Standards. The new disclosure requirements mandate that entities disclose both gross and net information about financial instruments and transactions eligible for offset in the statement of financial position as well as instruments and transactions subject to an agreement similar to a master netting arrangement. In addition, the standard requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. However, as of year-end 2012, the FASB is considering certain amendments to ASU No. 2011-11 which may limit the scope of the new rules. ASU No. 2011-11 will be effective for Gartner for interim and annual reporting periods beginning January 1, 2013, with retrospective application required. While the adoption of this new guidance may result in additional disclosures, we do not expect it to have an impact on the Company's Consolidated Balance Sheets.

Other comprehensive income disclosures. See discussion above in *Comprehensive Income*.

2 — ACQUISITIONS

2012

In May 2012 the Company acquired Ideas International Limited ("Ideas International"), a publicly-owned Australian corporation (ASX: IDE) headquartered outside of Sydney with 40 employees. Ideas International provided intelligence on IT infrastructure configurations and pricing data to IT professionals and vendors. The Company paid aggregate cash consideration of $18.8 million for 100% of the outstanding shares of Ideas International. The Company's strategic objectives in acquiring Ideas International are to leverage Gartner's scale and worldwide distribution capability, introduce Ideas International's products and services to Gartner's much larger end user client base, and further penetrate the technology

vendor market. Ideas International’s business operations have been integrated into the Company’s Research segment.

Gartner’s financial statements include the operating results of Ideas International beginning with the date of acquisition. These results were not material to the Company’s 2012 results. The Company recorded $2.4 million of pre-tax acquisition and integration charges for this acquisition in 2012, which is classified in Acquisition and integration charges in the Consolidated Statements of Operations. Included in these charges are legal, consulting, and severance costs, all of which were direct and incremental charges from the acquisition. Had the Company acquired Ideas International on January 1, 2010, the impact to the Company’s operating results for 2011 and 2010 would not have been material, and as a result pro forma financial information for those periods has not been presented.

The acquisition was accounted for under the acquisition method of accounting as prescribed by FASB ASC Topic 805, *Business Combinations.* The acquisition method of accounting requires the consideration paid to be allocated to the net assets and liabilities acquired based on their estimated fair values as of the acquisition date, and any excess of the purchase price over the estimated fair value of the net assets acquired, including identifiable intangible assets, must be allocated to goodwill. The Company considers its allocation of the respective purchase price to be preliminary, particularly with respect to the valuation of certain tax related items. In accordance with FASB ASC Topic 805, a final determination of the purchase price allocation and resulting goodwill must be made within one year of the acquisition date. The Company anticipates that none of the recorded goodwill arising from the acquisition will be deductible for tax purposes. All of the recorded goodwill was included in the Company’s Research segment. The Company believes the recorded goodwill is supported by the anticipated revenues related to the acquisition.

The following table summarizes the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed in the acquisition (dollars in thousands):

Assets:	
Cash	$8,502
Fees receivable	1,310
Prepaid expenses and other current assets	560
Goodwill and amortizable intangible assets (1)	15,990
Total assets	$26,362
Liabilities:	

Accounts payable and accrued liabilities	$2,203
Deferred revenues (2)	5,321
Total liabilities	$7,524

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(1) Includes \$7.5 million allocated to goodwill and \$8.5 million allocated to amortizable intangible assets (see Note 1—Business and Significant Accounting Policies above for additional information).

(2) The fair value of the cost to fulfill the deferred revenue obligations was determined by estimating the costs to provide the services plus a normal profit margin, and did not include costs associated with selling efforts.

2009

The Company acquired all of the outstanding shares of AMR Research and Burton Group in 2009 for total net cash of \$116.7 million, of which \$12.2 million was paid in 2010 and \$104.5 million was paid in 2009. The Company recorded \$7.9 million of acquisition and integration expenses related to these acquisitions during 2010.

3 — OTHER ASSETS

Other assets consist of the following (in thousands):

	December 31,	
	2012	2011
Security deposits	$7,740	$6,581
Debt issuance costs	2,768	3,866
Benefit plan-related assets	37,016	38,403
Non-current deferred tax assets	22,527	22,795
Tenant improvement allowance (1)	—	16,062
Other	3,344	2,638
Total other assets	$73,395	$90,345

(1) The balance as of December 31, 2011 represented the landlord receivable related to the renovation of the Company’s Stamford headquarters facility, the majority of which was collected during 2012, with the balance reclassified to current

assets. See Note 1 — Business and Significant Accounting Policies for additional information.

4 — ACCOUNTS PAYABLE, ACCRUED, AND OTHER LIABILITIES

Accounts payable and accrued liabilities consist of the following (in thousands):

	December 31,	
	2012	2011
Accounts payable	$27,344	$27,573
Payroll, employee benefits, severance	71,892	66,110
Bonus payable	68,776	62,191
Commissions payable	49,128	42,328
Taxes payable	18,897	15,917
Rent and other facilities costs	4,310	5,046
Professional, consulting, audit fees	8,355	6,907
Events fulfillment liabilities	4,209	2,255
Other accrued liabilities	34,852	31,163
Total accounts payable and accrued liabilities	$287,763	$259,490

Other liabilities consist of the following (in thousands):

	December 31,	
	2012	2011
Non-current deferred revenue	$5,508	$4,572
Interest rate swap liabilities	10,017	9,891
Long-term taxes payable	16,760	20,141
Deferred rent (1)	19,586	21,046
Benefit plan-related liabilities	54,779	47,326
Other	22,954	23,975
Total other liabilities	$129,604	$126,951

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(1) Represents the remaining unamortized long-term deferred rent on the $25.0 million tenant improvement allowance on the Company's Stamford headquarters facility. See Note 1 — Business and Significant Accounting Policies above for additional information.

5 — DEBT

2010 Credit Agreement

The Company has a credit arrangement that provides for a five-year, $200.0 million term loan and a $400.0 million revolving credit facility which it entered into in December 2010 (the "2010 Credit Agreement"). The Company terminated its prior credit arrangement when it entered into the 2010 Credit Agreement and paid down the remaining amounts outstanding. The 2010 Credit Agreement contains an expansion feature by which the term loan and revolving credit facility may be increased, at the Company's option and under certain conditions, by up to an additional $150.0 million in the aggregate. The term loan is being repaid in 19 consecutive quarterly installments which commenced on March 31, 2011, plus a final payment due on December 22, 2015, and may be prepaid at any time without penalty or premium at the Company's option. The revolving credit facility may be used for loans, and up to $40.0 million may be used for letters of credit. The revolving loans may be borrowed, repaid and re-borrowed until December 22, 2015, at which time all amounts borrowed must be repaid.

Amounts borrowed under the 2010 Credit Agreement bear interest at a rate equal to, at the Company's option, either (i) the greatest of: the administrative agent's prime rate; the average rate on overnight federal funds plus 1/2 of 1%; and the eurodollar rate (adjusted for statutory reserves) plus 1%, in each case plus a margin equal to between 0.50% and 1.25% depending on the Company's leverage ratio as of the end of the four consecutive fiscal quarters most recently ended, or (ii) the eurodollar rate (adjusted for statutory reserves) plus a margin equal to between 1.50% and 2.25%, depending on the Company's leverage ratio as of the end of the four consecutive fiscal quarters most recently ended.

The 2010 Credit Agreement contains certain customary restrictive loan covenants,

including, among others, financial covenants requiring a maximum leverage ratio, a minimum interest expense coverage ratio, and covenants limiting the Company's ability to incur indebtedness, grant liens, make acquisitions, be acquired, dispose of assets, pay dividends, repurchase stock, make capital expenditures, make investments and enter into certain transactions with affiliates. The Company was in full compliance with these covenants as of December 31, 2012.

In December 2010, the Company recorded certain incremental pre-tax charges due to the termination of the prior credit arrangement. The majority of these charges would have been recognized as expenses in 2011, but accounting rules required their accelerated recognition in 2010. These accelerated pre-tax charges included $3.3 million for deferred losses on interest rate swap contracts that had been recorded in Other Comprehensive Income (OCI) since the swaps had previously been designated as accounting hedges, and $0.4 million for the write-off of a portion of capitalized debt issuance costs related to the previous debt. In accordance with FASB ASC Topic 815, the deferral of the unrealized losses on the swaps recorded in OCI was no longer permitted since the forecasted interest payments related to the previous debt would not occur. Both the capitalized debt issuance write-off and the interest rate swap charge were classified in Interest expense in the Consolidated Statements of Operations for the year ended December 31, 2010.

The following table provides information regarding the Company's total outstanding borrowings:

Description:	Amount Outstanding December 31, 2012 (In thousands)	Contractual Annualized Interest Rate December 31, 2012		Amount Outstanding December 31, 2011 (In thousands)
2010 Credit Facility - term loan (1)	$ 150,000	1.81	%	$ 180,000
2010 Credit Facility - revolver (1), (2)	50,000	1.81	%	20,000
Other (3)	5,000	3.00	%	—
Total	$ 205,000			$ 200,000

(1) Both the term and revolver loan rates consisted of a floating Eurodollar base rate of 0.31% plus a margin of 1.5%. However, the Company has an interest rate swap contract which converts the floating Eurodollar base rate to a 2.26% fixed

base rate on the first $200.0 million of Company borrowings (see below). As a result, the Company's effective annual interest rate on the $200.0 million of outstanding debt under the 2010 Credit Facility as of December 31, 2012, including the margin, was 3.76%.

(2) The Company had $346.6 million of available borrowing capacity on the revolver (not including the expansion feature) as of December 31, 2012.

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(3) In December 2012 the Company borrowed $5.0 million under a previously disclosed financial assistance package provided by an economic development program through the State of Connecticut in connection with the Company's renovation of its Stamford headquarters facility. The loan has a 10 year maturity and bears a 3% fixed rate of interest. Principal payments are deferred for the first five years and the loan may be repaid at any point by the Company without penalty. The loan has a principal forgiveness provision in which up to $2.5 million of the loan may be forgiven if the Company meets certain employment targets in the State of Connecticut during the first five years of the loan.

Interest Rate Swap Hedge

The Company entered into a $200.0 million notional fixed-for-floating interest rate swap contract in December 2010 which it designated as a hedge of the forecasted interest payments on the Company's variable rate borrowings. Under the swap terms, the Company pays a base fixed rate of 2.26% and in return receives a Eurodollar base rate.

The Company accounts for the interest rate swap as a cash flow hedge in accordance with FASB ASC Topic 815. Since the swap is hedging forecasted interest payments, changes in the fair value of the swap are recorded in OCI as long as the swap continues to be a highly effective hedge of the designated interest rate risk. Any ineffective portion of change in the fair value of the hedge is recorded in earnings. At December 31, 2012, there was no ineffective portion of the hedge. The interest rate swap had a negative fair value to the Company of $10.0 million at December 31, 2012, which is classified in OCI, net of tax effect.

Letters of Credit

The Company had $10.1 million of letters of credit and related guarantees outstanding at year-end 2012. The Company issues these instruments in the ordinary course of business to facilitate transactions with customers and others.

6 — COMMITMENTS AND CONTINGENCIES

Contractual Lease Commitments. The Company leases various facilities, furniture, and computer and office equipment under operating lease arrangements expiring between 2013 and 2027. The future minimum annual cash payments under non-cancelable operating lease agreements at December 31, 2012, are as follows (in thousands):

Year ended December 31,	
2013	$37,820
2014	31,660
2015	22,295
2016	14,680
2017	9,910
Thereafter	75,055
Total minimum lease payments (1)	$191,420

(1) Excludes $2.2 million of future contractual sublease rental income.

Legal Matters. We are involved in various legal and administrative proceedings and litigation arising in the ordinary course of business. The outcome of these individual matters is not predictable at this time. However, we believe that the ultimate resolution of these matters, after considering amounts already accrued and insurance coverage, will not have a material adverse effect on our financial position, results of operations, or cash flows in future periods.

Indemnifications. The Company has various agreements that may obligate us to indemnify the other party with respect to certain matters. Generally, these indemnification clauses are included in contracts arising in the normal course of business under which we customarily agree to hold the other party harmless against losses arising from a breach of representations related to such matters as title to assets sold and licensed or certain intellectual property rights. It is not possible to predict the maximum potential amount of future payments under these indemnification agreements due to the conditional nature of the Company's obligations and the unique facts of each particular agreement. Historically, payments made by us under these agreements have not been material. As of December 31, 2012, we did not have any indemnification agreements that could require material payments.

7 — STOCKHOLDERS' EQUITY

Common stock. Holders of Gartner's Common Stock, par value $.0005 per share ("Common Stock") are entitled to one vote per share on all matters to be voted by stockholders. The Company does not currently pay cash dividends on its Common Stock. Also, our credit arrangement contains a negative covenant which may limit our ability to pay dividends.

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The following table summarizes transactions relating to Common Stock for the three years' ending December 31, 2012:

	Issued Shares	Treasury Stock Shares
Balance at December 31, 2009	156,234,415	60,356,672
Issuances under stock plans	—	(4,029,673)
Purchases for treasury	—	3,918,719
Balance at December 31, 2010	156,234,415	60,245,718
Issuances under stock plans	—	(3,244,705)
Purchases for treasury (1)	—	5,890,238
Balance at December 31, 2011	156,234,415	62,891,251
Issuances under stock plans	—	(2,756,389)
Purchases for treasury	—	2,738,238
Balance at December 31, 2012	156,234,415	62,873,100

(1) Includes 2,148,434 shares the Company repurchased directly from ValueAct Capital Master Fund, L.P. ("ValueAct") in two separate transactions during 2011. The total cost of the shares repurchased directly from ValueAct was $75.2 million.

Share repurchase program. The Company has a $500.0 million share repurchase program, of which $210.2 million remained available for share repurchases as of December 31, 2012. Repurchases may be made from time-to-time through open market purchases, private transactions, tender offers or other transactions. The amount and timing of repurchases will be subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's financial performance and other conditions. Repurchases may also be made from time-to-time in connection with the settlement of the Company's shared-based compensation awards. Repurchases may be funded from cash flow from operations or borrowings.

The Company paid cash of $111.3 million, $212.0 million, and $99.8 million, in 2012, 2011, and 2010, respectively, for common stock repurchases. The $212.0 million paid for share repurchases in 2011 includes the cost of the shares repurchased directly from ValueAct.

8 — STOCK-BASED COMPENSATION

The Company grants stock-based compensation awards as an incentive for employees and directors to contribute to the Company's long-term success. The Company currently awards stock-settled stock appreciation rights, service-based and performance-based restricted stock units, and common stock equivalents. At December 31, 2012, the Company had 6.4 million shares of Common Stock available for awards of stock-based compensation under its 2003 Long-Term Incentive Plan.

The Company accounts for stock-based compensation awards in accordance with FASB ASC Topics 505 and 718, as interpreted by SEC Staff Accounting Bulletins No. 107 ("SAB No. 107") and No. 110 ("SAB No. 110"). Stock-based compensation expense is based on the fair value of the award on the date of grant, which is then recognized as expense over the related service period, net of estimated forfeitures. The service period is the period over which the related service is performed, which is generally the same as the vesting period. Currently the Company issues treasury shares upon the exercise, release or settlement of stock-based compensation awards.

Determining the appropriate fair value model and calculating the fair value of stock-based compensation awards requires the input of certain complex and subjective assumptions, including the expected life of the stock-based compensation awards and the Common Stock price volatility. In addition, determining the appropriate amount of associated periodic expense requires management to estimate the amount of employee forfeitures and the likelihood of the achievement of certain performance targets. The assumptions used in calculating the fair value of stock-based compensation awards and the associated periodic expense represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change and the Company deems it necessary in the future to modify the assumptions it made or to use different assumptions, or if the quantity and nature of the Company's stock-based compensation awards changes, then the amount of expense may need to be adjusted and future stock-based compensation expense could be materially different from what has been recorded in the current period.

The Company recognized the following amounts of stock-based compensation expense by award type for the years ended December 31 (in millions):

Award type:	2012	2011	2010
Stock appreciation rights	$6.4	$4.4	$4.6

Common stock equivalents	0.5	0.5	0.5
Restricted stock units	29.5	28.0	27.5
Total (1)	$36.4	$32.9	$32.6

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(1) Includes charges of $5.1 million in 2012 and $3.1 million in both 2011 and 2010 for awards to retirement-eligible employees since these awards vest on an accelerated basis

Stock-based compensation expense was recognized by line item in the Consolidated Statements of Operations for the years ended December 31 as follows (in millions):

Amount recorded in:	2012	2011	2010
Costs of services and product development	$15.3	$14.8	$14.8
Selling, general, and administrative	21.1	18.1	17.8
Total	$36.4	$32.9	$32.6

As of December 31, 2012, the Company had $38.5 million of total unrecognized stock-based compensation cost, which is expected to be recognized as stock-based compensation expense over the remaining weighted-average service period of approximately 2.2 years.

Stock-Based Compensation Awards

The following disclosures provide information regarding the Company's stock-based compensation awards, all of which are classified as equity awards in accordance with FASB ASC Topic 505:

Stock Appreciation Rights

Stock-settled stock appreciation rights (SARs) permit the holder to participate in the appreciation of the Common Stock. SARs are settled in shares of Common Stock by the employee once the applicable vesting criteria have been met. SARs vest ratably over a four-year service period and expire seven years from the grant date. The fair value of SARs awards is recognized as compensation expense on a straight-line basis over four years. SARs have only been awarded to the Company's executive officers.

When SARs are exercised, the number of shares of Common Stock issued is calculated as follows: (1) the total proceeds from the SARs exercise (calculated as the closing price of the Common Stock on the date of exercise less the exercise price of the SARs, multiplied by the number of SARs exercised) is divided by (2) the closing price of the Common Stock as reported on the New York Stock Exchange on the exercise date. The Company withholds a portion of the shares of Common Stock issued upon exercise to satisfy minimum statutory tax withholding requirements. SARs recipients do not have any stockholder rights until after actual shares of Common Stock are issued in respect of the award, which is subject to the prior satisfaction of the vesting and other criteria relating to such grants.

The following table summarizes changes in SARs outstanding for the year ended December 31, 2012:

	SARs in millions	Per Share Weighted-Average Exercise Price	Per Share Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2011	2.5	$ 20.39	$ 7.66	4.00 years
Granted	0.4	37.81	12.99	6.11 years
Forfeited	—	—	—	—
Exercised	(0.9)	18.35	6.82	na
Outstanding at December 31, 2012 (1), (2)	2.0	$ 24.59	$ 9.04	4.10 years
Vested and exercisable at December 31, 2012 (2)	0.8	$ 18.74	$ 7.14	3.12 years

na = not applicable

(1) At December 31, 2012, 1.2 million of these SARs were unvested. The Company expects that substantially all of these unvested awards will vest in future periods.

(2) At December 31, 2012, SARs outstanding had an intrinsic value of $42.9 million. SARs vested and exercisable had an intrinsic value of $23.1 million.

The fair value of the SARs granted was estimated on the date of grant using the Black-Scholes-Merton valuation model with the following weighted-average assumptions for the years ended December 31:

	2012		2011		2010	
Expected dividend yield (1)	0	%	0	%	0	%
Expected stock price volatility (2)	40	%	38	%	40	%
Risk-free interest rate (3)	0.8	%	2.2	%	2.4	%
Expected life in years (4)	4.61		4.75		4.75	

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(1) The dividend yield assumption is based on both the history and expectation of the Company's dividend payouts. Historically the Company has not paid cash dividends on its Common Stock.

(2) The determination of expected stock price volatility was based on both historical Common Stock prices and the implied volatility from publicly traded options in Common Stock.

(3) The risk-free interest rate is based on the yield of a U.S. Treasury security with a maturity similar to the expected life of the award.

(4) The expected life represents the Company's weighted-average estimate of the period of time the SARs are expected to be outstanding (that is, the period between the service inception date and the expected exercise date). Beginning January 1, 2012, the expected life has been calculated based on the Company's historical exercise data. Previously, the Company determined the expected life based on a simplified calculation permitted by SEC SAB No. 107 and SAB No. 110 since the necessary historical exercise data was not available. The change in methodology had an insignificant impact on the calculation of the expected life.

Restricted Stock Units

Restricted stock units (RSUs) give the awardee the right to receive shares of Common Stock when the vesting conditions are met and the restrictions lapse, and each RSU that vests entitles the awardee to one common share. RSU awardees do not have any of the right of a Gartner stockholder, including voting rights and the right to receive dividends and distributions, until the shares are released.

The fair value of RSUs is determined on the date of grant based on the closing price of the Common Stock as reported by the New York Stock Exchange on that date. Service-based RSUs vest ratably over four years and are expensed on a straight-line basis over four years. Performance-based RSUs are subject to both performance and service conditions, vest ratably over four years, and are expensed on an accelerated basis.

The following table summarizes the changes in RSUs outstanding during the year

ended December 31, 2012:

	Restricted Stock Units (RSUs) (in millions)	Per Share Weighted Average Grant Date Fair Value
Outstanding at December 31, 2011	3.1	$ 21.53
Granted (1)	0.7	37.98
Vested and released	(1.3)	19.53
Forfeited	—	—
Outstanding at December 31, 2012 (2), (3)	2.5	$ 27.95

(1) The 0.7 million RSUs granted in 2012 consisted of 0.3 million performance-based RSUs awarded to executives and 0.4 million service-based RSUs awarded to non-executive employees and certain board members. The 0.3 million performance-based RSUs awarded to executive personnel represented the target amount of the RSU award for the year, which was tied to an increase in the Company's subscription-based Research contract value ("CV") for 2012. The final number of performance-based RSUs granted could range from 0% to 200% of the target amount, with the final amount dependent on the actual increase in CV for the year as measured on December 31, 2012. The actual CV increase achieved for 2012 was 104.3% of the targeted amount, which resulted in the grant of 0.3 million performance-based RSUs to executives.

(2) The Company expects that substantially all of the outstanding awards at December 31, 2012 will vest in future periods.

(3) The weighted-average remaining contractual term of the outstanding RSUs is approximately 0.9 years.

Common Stock Equivalents

Common stock equivalents (CSEs) are convertible into Common Stock and each CSE entitles the holder to one common share. Members of our Board of Directors receive directors' fees payable in CSEs unless they opt to receive up to 50% of the fees in cash. Generally, the CSEs have no defined term and are converted into

common shares when service as the director terminates unless the director has elected an accelerated release. The fair value of the CSEs is determined on the date of grant based on the closing price of the Common Stock as reported by the New York Stock Exchange on that date. CSEs vest immediately and as a result are recorded as expense on the date of grant.

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The following table summarizes the changes in CSEs outstanding for the year ended December 31, 2012:

	Common Stock Equivalents (CSEs)	Per Share Weighted Average Grant Date Fair Value
Outstanding at December 31, 2011	97,268	$ 15.93
Granted	11,373	45.30
Converted to common shares	(8,096)	45.27
Outstanding at December 31, 2012	100,545	$ 16.89

Stock Options

Historically, the Company granted stock options to employees that allowed them to purchase shares of Common Stock at a certain price. The Company has not made any stock option grants since 2006. All outstanding options are fully vested and there is no remaining unamortized cost. The Company received $8.6 million, $16.6 million, and $20.7 million in cash from stock option exercises in 2012, 2011, and 2010, respectively.

The following table summarizes the changes in stock options outstanding during the year ended December 31, 2012:

	Options in millions	Per Share Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
Vested and outstanding at December 31, 2011	1.2	$ 10.93	1.47 years	$ 27.7
Expired	—	—	na	na
Exercised	(0.9)	10.59	na	25.9
Vested and outstanding at December	0.3	$ 11.73	1.28	$ 11.7

31, 2012 years

na=not applicable

Employee Stock Purchase Plan

The Company has an employee stock purchase plan (the “ESP Plan”) under which eligible employees are permitted to purchase Common Stock through payroll deductions, which may not exceed 10% of an employee’s compensation (or $23,750 in any calendar year), at a price equal to 95% of the closing price of the Common Stock as reported by the New York Stock Exchange at the end of each offering period. At December 31, 2012, the Company had approximately 1.3 million shares available for purchase under the ESP Plan. The ESP Plan is considered non-compensatory under FASB ASC Topic 718, and as a result the Company does not record stock-based compensation expense for employee share purchases. The Company received $3.8 million, $3.4 million, and $2.8 million in cash from share purchases under the ESP Plan during 2012, 2011, and 2010, respectively.

9 — COMPUTATION OF EARNINGS PER SHARE

Basic earnings per share (“EPS”) is computed by dividing net income by the weighted average number of shares of Common Stock outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in earnings. When the impact of common share equivalents is antidilutive, they are excluded from the calculation.

The following table sets forth the reconciliation of the basic and diluted earnings per share computations (in thousands, except per share amounts) for the years ended December 31:

	2012	2011	**2010**
Numerator:			
Net income used for calculating basic and diluted earnings per common share	$165,903	$136,902	$96,285

Denominator: (1)			
Weighted average number of common shares used in the calculation of basic earnings per share	93,444	96,019	95,747
Common share equivalents associated with stock-based compensation plans	2,398	2,827	4,087
Shares used in the calculation of diluted earnings per share	95,842	98,846	99,834
Earnings per share:			
Basic	$1.78	$1.43	$1.01
Diluted	$1.73	$1.39	$0.96

(1) During 2012, 2011 and 2010, the Company repurchased 2.7 million, 5.9 million, and 3.9 million shares of its Common Stock, respectively.

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The following table presents the number of common share equivalents that were not included in the computation of diluted EPS in the table above because the effect would have been antidilutive. During periods with net income, these common share equivalents were antidilutive because their exercise price was greater than the average market value of a share of Common Stock during the period.

	2012	2011	2010
Antidilutive common share equivalents as of December 31 (in millions):	0.7	0.5	0.5
Average market price per share of Common Stock during the year	$43.80	$37.53	$26.35

10 — INCOME TAXES

Following is a summary of the components of income before income taxes for the years ended December 31 (in thousands):

	2012	2011	2010
U.S.	$150,023	$124,915	$78,933
Non-U.S.	85,573	77,269	55,152
Income before income taxes	$235,596	$202,184	$134,085

The expense for income taxes on the above income consists of the following components (in thousands):

	2012	2011	2010
Current tax expense:			
U.S. federal	$25,290	$23,327	$9,078
State and local	2,508	4,236	2,645
Foreign	18,889	13,845	10,341
Total current	46,687	41,408	22,064
Deferred tax (benefit) expense:			
U.S. federal	8,494	(5,192)	4,263
State and local	(753)	1,269	72
Foreign	(8,080)	(1,434)	(6,013)
Total deferred	(339)	(5,357)	(1,678)
Total current and deferred	46,348	36,051	20,386
Benefit (expense) relating to interest rate swap used to increase (decrease) equity	51	3,134	(2,523)

Benefit from stock transactions with employees used to increase equity	21,304	25,812	18,559
Benefit (expense) relating to defined-benefit pension adjustments used to increase (decrease) equity	1,926	285	375
Benefit (expense) of acquired tax assets (liabilities) used to decrease (increase) goodwill	64	—	1,003
Total tax expense	$69,693	$65,282	$37,800

Current and long-term deferred tax assets and liabilities are comprised of the following (in thousands):

	December 31,	
	2012	2011
Expense accruals	$49,404	$40,438
Loss and credit carryforwards	22,433	24,282
Assets relating to equity compensation	18,878	18,226
Other assets	7,613	8,949
Gross deferred tax asset	98,328	91,895
Depreciation	(8,995)	(9,199)
Intangible assets	(23,129)	(17,024)
Prepaid expenses	(10,500)	(10,183)
Gross deferred tax liability	(42,624)	(36,406)
Valuation allowance	(1,943)	(1,869)
Net deferred tax asset	$53,761	$53,620

Current net deferred tax assets and current net deferred tax liabilities were $32.6 million and $1.3 million as of December 31, 2012 and $31.4 million and $0.6 million as of December 31, 2011, respectively, and are included in Prepaid expenses and other current assets and Accounts payable and accrued liabilities in the Consolidated Balance Sheets. Long-term net deferred tax assets and long-term net deferred tax liabilities were $22.5 million and $0.1 million as of December 31, 2012 and $22.8 million and zero as of December 31, 2011, respectively, and are included in Other assets and Other liabilities in the Consolidated Balance Sheets. It is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

The valuation allowances of $1.9 million as of December 31, 2012 and $1.9 million as of December 31, 2011, respectively, largely relates to net operating losses.

As of December 31, 2012, the Company had state and local tax net operating loss carryforwards of $108.8 million, of which $3.3 million expire within one to five years, $99.7 million expire within six to fifteen years, and $5.8 million expire within sixteen to twenty years. In addition, the Company had non-U.S. net operating loss carryforwards of $30.6 million, of which $2.1 million expire over the next 20 years and $28.5 million can be carried forward indefinitely. As of December 31, 2012 the Company also had foreign tax credit carryforwards of $6.7 million, the majority of which expire in 2018.

The differences between the U.S. federal statutory income tax rate and the Company's effective tax rate on income before income taxes for the years ended December 31 follow:

	2012	2011	2010
Statutory tax rate	35.0%	35.0%	35.0 %
State income taxes, net of federal benefit	1.8	3.8	3.3
Foreign income taxed at different rates	(6.4)	(5.9)	(6.2)
Subpart F/repatriation of foreign earnings	1.0	(0.4)	8.5
Record (release) valuation allowance	—	(0.4)	(12.7)
Foreign tax credits	(1.0)	(2.3)	(0.8)
Record (release) reserve for tax contingencies	0.7	3.1	2.0
Other items, net	(1.5)	(0.6)	(0.9)
Effective tax rate	29.6%	32.3%	28.2 %

In 2012 state income taxes, net of federal tax benefit include approximately $2.6 million of benefit relating to economic development tax credits associated with the

renovation of the Company's Stamford headquarters facility.

As of December 31, 2012 and December 31 2011, the Company had gross unrecognized tax benefits of $17.6 million and $18.3 million, respectively. The decrease is primarily attributable to reductions for tax positions of prior years and settlements resulting from closure of tax audits, partially offset by additions in unrecognized tax benefits attributable to 2012. It is reasonably possible that the gross unrecognized tax benefits will be decreased by $4.5 million within the next 12 months due to anticipated closure of audits and the expiration of certain statutes of limitation. The unrecognized tax benefits relate primarily to the utilization of certain tax attributes.

The Company classifies uncertain tax positions not expected to be settled within one year as long term liabilities. As of December 31, 2012 and December 31, 2011, the Company had $13.1 million and $15.4 million, respectively, related to long term uncertain tax positions included in Other Liabilities.

The Company accrues interest and penalties related to unrecognized tax benefits in its income tax provision. As of December 31, 2012 and December 31, 2011, the Company had $4.6 million and $4.8 million of accrued interest and penalties respectively, related to unrecognized tax benefits. These amounts are in addition to the gross unrecognized tax benefits noted above. The total amount of interest and penalties recognized in the Consolidated Statements of Operations for years ending December 31, 2012 and December 31, 2011 was $0.4 million and $1.5 million, respectively.

The following is a reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, for the years ending December 31 (in thousands):

	2012	2011
Beginning balance	$18,345	$15,824
Additions based on tax positions related to the current year	4,301	2,269
Additions for tax positions of prior years	105	4,375
Reductions for tax positions of prior years	(3,427)	(746)
Reductions for expiration of statutes	(296)	(269)
Settlements	(1,372)	(2,661)
Change in foreign currency exchange rates	(104)	(447)
Ending balance	$17,552	$18,345

Included in the balance of unrecognized tax benefits at December 31, 2012 are potential benefits of $12.6 million that if recognized would reduce the effective tax rate on income from continuing operations.

The number of years with open statutes of limitation varies depending on the tax jurisdiction. Generally, the Company's statutes are open for tax years ended December 31, 2007 and forward, with the exception of India which is open for tax years 2003 and forward. Major taxing jurisdictions include the U.S. (federal and state), the United Kingdom, Canada, Japan, India, and Ireland.

During 2012, the Company closed the Internal Revenue Service ("IRS") audit of its 2007 federal income tax return. The resolution of the audit did not have a material adverse effect on the consolidated financial position, cash flows, or results of operations of the Company.

In 2011 the IRS commenced an audit of the Company's federal income tax returns for the 2008 and 2009 tax years. The IRS has proposed adjustments for both 2008 and 2009 and the Company expects to settle the audit in early 2013. Although the audit has not been fully resolved, the Company believes that the ultimate disposition will not have a material adverse effect on its consolidated financial position, cash flows, or results of operations.

Earnings of non-U.S. subsidiaries are generally subject to U.S. taxation when repatriated. The Company intends to reinvest these earnings outside the U.S. except in instances where repatriating such earnings would result in minimal additional tax. The Company currently has no plan to remit earnings which will result in a material tax cost. Accordingly, the Company has not recognized additional tax expense that may result from the remittance of such earnings. The accumulated undistributed earnings of non-U.S. subsidiaries approximated $85.0 million as of December 31, 2012. An estimate of the income tax liability that would be payable if such earnings were not indefinitely invested is $17.0 million.

11 — DERIVATIVES AND HEDGING

The Company enters into a limited number of derivative contracts to offset the potentially negative economic effects of interest rate and foreign exchange movements. The Company accounts for its outstanding derivative contracts in

accordance with FASB ASC Topic 815, which requires all derivatives, including derivatives designated as accounting hedges, to be recorded on the balance sheet at fair value.

The following tables provide information regarding the Company's outstanding derivatives contracts as of, and for, the years ended (in thousands, except for number of outstanding contracts):

December 31, 2012

Derivative Contract Type	Number of Outstanding Contracts	Contract Notional Amount	**Fair Value Asset (Liability)** (3)	Balance Sheet Line Item	OCI Unrealized (Loss), Net Of Tax
Interest rate swap (1)	1	$200,000	$ (10,000)	Other liabilities	$ (6,010)
Foreign currency forwards (2)	68	76,100	4	Other current assets	—
Total	69	$276,100	$ (9,996)		$ (6,010)

December 31, 2011

Derivative Contract Type	Number of Outstanding Contracts	Contract Notional Amount	**Fair Value Asset (Liability)** (3)	Balance Sheet Line Item	OCI Unrealized (Loss), Net Of Tax
Interest rate swap (1)	1	$200,000	$ (9,891)	Other liabilities	$ (5,934)
Interest rate swaps (4)	2	30,750	(98)	Accrued liabilities	—
Foreign currency forwards (2)	60	99,585	272	Other current assets	—
Total	63	$330,335	$ (9,717)		$ (5,934)

(1) The swap is designated as a cash flow hedge of the forecasted interest payments on borrowings. As a result, changes in the fair value of this swap are deferred and are recorded in OCI, net of tax effect (see Note 5 — Debt for additional

information).

(2) The Company has foreign exchange transaction risk since it typically enters into transactions in the normal course of business that are denominated in foreign currencies that differ from the local functional currency. The Company enters into short-term foreign currency forward exchange contracts to offset the economic effects of these foreign currency transaction risks. These contracts are accounted for at fair value with realized and unrealized gains and losses recognized in Other income (expense), net since the Company does not designate these contracts as hedges for accounting purposes. All of the outstanding contracts at December 31, 2012 matured by the end of February 2013.

(3) See Note 12 — Fair Value Disclosures below for the determination of the fair value of these instruments.

(4) Changes in the fair value of these swaps were recognized in earnings. Both swaps matured in January 2012.

At December 31, 2012, the Company's derivative counterparties were all large investment grade financial institutions. The Company did not have any collateral arrangements with its derivative counterparties, and none of the derivative contracts contained credit-risk related contingent features.

The following table provides information regarding amounts recognized in the Consolidated Statements of Operations for derivative contracts for the years ended December 31 (in thousands):

Amount recorded in:	2012	2011	2010
Interest expense (1)	$3.6	$4.1	$10.7
Other (income) expense, net (2)	(0.6)	1.2	(2.8)
Total expense	$3.0	$5.3	$7.9

(1) Consists of interest expense from interest rate swap contracts.

(2) Consists of realized and unrealized gains and losses on foreign currency forward contracts.

12 — FAIR VALUE DISCLOSURES

The Company's financial instruments include cash equivalents, fees receivable from customers, accounts payable, and accruals which are normally short-term in nature. The Company believes the carrying amounts of these financial instruments reasonably approximates their fair value due to their short-term nature. The Company's financial instruments also includes borrowings outstanding under its 2010 Credit Agreement, and at December 31, 2012, the Company had $200.0 million of floating rate debt outstanding under this arrangement, which is carried at amortized cost. The Company believes the carrying amount of the outstanding borrowings reasonably approximates fair value since the rate of interest on the borrowings reflect current market rates of interest for similar instruments with comparable maturities.

FASB ASC Topic 820 provides a framework for the measurement of fair value and a valuation hierarchy based upon the transparency of inputs used in the valuation of assets and liabilities. Classification within the hierarchy is based upon the lowest level of input that is significant to the resulting fair value measurement. The valuation hierarchy contains three levels. Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs such as quoted prices for similar assets or liabilities in active markets; identical assets or liabilities in inactive markets; observable inputs such as interest rates and yield curves; and other market-corroborated inputs. Level 3 measurements include significant unobservable inputs, such as internally-created valuation models. The Company does not currently utilize Level 3 valuation inputs to remeasure any of its assets or liabilities. However, level 3 inputs may be used by the Company in its required annual impairment review of goodwill. Information regarding the periodic assessment of the Company's goodwill is included in Note 1 — Business and Significant Accounting Policies.

On January 1, 2012, the Company adopted ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,* which updates FASB ASC Topic 820 with new requirements. These include: (1) a prohibition on grouping financial instruments for purposes of determining fair value, except when an entity manages market and credit risks on the basis of the entity's net exposure to the group; (2) an extension of the prohibition against the use of a blockage factor to all fair value measurements (that prohibition currently applies only to financial instruments with quoted prices in active markets); and (3) a requirement that for recurring Level 3 fair value measurements, entities disclose additional quantitative information about unobservable inputs, a description of the valuation process used and qualitative details about the sensitivity of the measurements and their potential impact on operating results. The Company has a limited number of assets and liabilities recorded in its Consolidated Balance Sheets that are remeasured to fair value on a recurring basis, and the Company does not currently utilize Level 3 valuation inputs to remeasure any of its assets or liabilities. In addition, the Company typically does not transfer assets or liabilities between

different levels of the fair value hierarchy. As a result, the adoption of ASU No. 2011-04 did not result in any changes to the Company's processes for determining fair values or require additional fair value disclosures.

The Company's assets and liabilities that are remeasured to fair value are presented in the following table (in thousands):

Description:	Fair Value December 31, 2012	Fair Value December 31, 2011
Assets:		
Deferred compensation plan assets (1)	$ 27,795	$ 25,050
Foreign currency forward contracts (2)	4	272
	$ 27,799	$ 25,322
Liabilities:		
Deferred compensation plan liabilities (1)	$ 31,260	$ 28,100
Interest rate swap contracts (3)	10,000	9,989
	$ 41,260	$ 38,089

(1) The Company has a deferred compensation plan for the benefit of certain highly compensated officers, managers and other key employees (see Note 13 — Employee Benefits). The plan's assets consist of investments in money market and mutual funds, and company-owned life insurance contracts.

The money market funds consist of cash equivalents while the mutual fund investments consist of publicly-traded and quoted equity shares. The Company considers the fair value of these assets to be based on Level 1 inputs, and these assets had a fair value of $8.2 million and $8.0 million as of December 31, 2012 and 2011, respectively. The carrying amount of the life insurance contracts equals their cash surrender value, which approximates fair value. Cash surrender value represents the estimated amount that the Company would receive upon termination of the contract. The Company considers the life insurance contracts to be valued based on a Level 2 input, and these assets had a fair value of $19.6 million and $17.0 million at December 31, 2012 and 2011, respectively. The related deferred compensation plan liabilities are recorded at the amount needed to settle the liability, which approximates fair value, and is based on a Level 2 input.

(2) The Company enters into foreign currency forward exchange contracts to hedge the effects of adverse fluctuations in foreign currency exchange rates (see Note 11 — Derivatives and Hedging). Valuation of the foreign currency forward contracts is based on foreign currency exchange rates in active markets, which the Company considers a Level 2 input.

(3) The Company enters into interest rate swap contracts to hedge the risk from interest rates on its borrowings (see Note 11 — Derivatives and Hedging). To determine the fair value of these financial instruments, the Company relies on mark-to-market valuations prepared by a third-party broker. Valuation is based on observable interest rates from recently executed market transactions and other

observable market data, which the Company considers Level 2 inputs. The Company independently corroborates the reasonableness of the valuations prepared by the third-party broker through the use of an electronic quotation service.

13 — EMPLOYEE BENEFITS

Defined contribution plan. The Company has a savings and investment plan (the "401k Plan") covering substantially all U.S. employees. Company contributions are based upon the level of employee contributions, up to a maximum of 4% of the employee's eligible salary, subject to an annual maximum. For 2012, the maximum match was $6,800. In addition, the Company, in its discretion, may also contribute at least 1% of an employee's base compensation, subject to an IRS annual limitation, which was $2,500 for 2012. Amounts expensed in connection with the 401k Plan totaled $14.2 million, $15.9 million, and $14.6 million, in 2012, 2011, and 2010, respectively.

Deferred compensation plan. The Company has a supplemental deferred compensation plan for the benefit of certain highly compensated officers, managers and other key employees, which is structured as a rabbi trust. The plan's investment assets are classified in Other assets on the Consolidated Balance Sheets at fair value. The value of these assets was $27.8 million and $25.1 million at December 31, 2012 and 2011, respectively (see Note 12 — Fair Value Disclosures for fair value information). The corresponding deferred compensation liability of $31.3 million and $28.1 million at December 31, 2012 and 2011, respectively, is carried at fair value, and is adjusted with a corresponding charge or credit to compensation cost to reflect the fair value of the amount owed to the employees which is classified in Other liabilities on the Consolidated Balance Sheets. Total compensation expense recognized for the plan was $0.4 million in 2012, $0.3 million in 2011, and zero in 2010.

Defined benefit pension plans. The Company has defined-benefit pension plans in several of its non-U.S. locations. Benefits earned under these plans are based on years of service and level of employee compensation. The Company accounts for defined benefit plans in accordance with the requirements of FASB ASC Topics 715 and 960.

The following are the components of defined benefit pension expense for the years ended December 31 (in thousands):

	2012	2011	2010
Service cost	$1,775	$1,890	$1,875
Interest cost	980	1,010	840
Expected return on plan assets	(115)	(125)	—
Recognition of actuarial gain	(215)	(135)	(350)
Recognition of termination benefits	175	65	65
Total defined benefit pension expense (1)	$2,600	$2,705	$2,430

(1) Pension expense is classified in SG&A in the Consolidated Statements of Operations.

The following are the assumptions used in the computation of pension expense for the years ended December 31:

	2012	2011	2010
Weighted-average discount rate (1)	3.20%	4.40%	3.95%
Average compensation increase	2.70%	2.65%	2.80%

(1) Discount rates are typically determined by utilizing the yields on long-term corporate or government bonds in the relevant country with a duration consistent with the expected term of the underlying pension obligations.

The following table provides information related to changes in the projected benefit obligation for the years ended December 31 (in thousands):

	2012	2011	2010
Projected benefit obligation at beginning of year	$21,160	$19,730	$14,358
Service cost	1,775	1,890	1,875
Interest cost	980	1,010	840
Actuarial loss (gain) due to assumption changes (1)	6,265	(948)	1,100
Additions	1,925	—	1,961
Benefits paid (2)	(680)	(390)	(220)
Foreign currency impact	180	(132)	(184)
Projected benefit obligation at end of year (3)	$31,605	$21,160	$19,730

(1) The 2012 actuarial loss was primarily due to a decline in the weighted-average discount rate.

(2) The Company projects the following amounts will be paid in future years to plan participants: $0.5 million in 2013; $2.0 million in 2014; $0.8 million in 2015; $0.9 million in 2016; $1.2 million in 2017; and $7.0 million in the five years thereafter.

(3) Measured as of December 31.

The following table provides information regarding the funded status of the plans and related amounts recorded in the Company's Consolidated Balance Sheets as of December 31 (in thousands):

Funded status of the plans:

	2012	2011	2010
Projected benefit obligation	$31,605	$21,160	$19,730
Plan assets at fair value (1)	(8,885)	(2,480)	(2,130)
Funded status – shortfall (2)	$22,720	$18,680	$17,600

Amounts recorded in the Consolidated Balance Sheets for the plans:

Other liabilities — accrued pension obligation (2)	$22,720	$18,680	$17,600
Stockholders' equity — deferred actuarial (loss) gain (3)	$(1,578)	$2,488	$2,205

(1) The plan assets are held by third-party trustees and are invested in a diversified portfolio of equities, high quality government and corporate bonds, and other investments. The assets are primarily valued based on Level 1 and Level 2 inputs under the fair value hierarchy in FASB ASC Topic 820, and the Company considers the overall portfolio of these assets to be of low-to-medium investment risk. For the year-ended December 31, 2012, the Company contributed $6.4 million to these plans, and benefits paid to participants was $0.7 million. While the actual return on plan assets for these plans was effectively zero in 2012, the Company projects a future long-term rate of return on these plan assets of 3.6%, which it believes is reasonable based on the composition of the assets and both current and projected market conditions.

In addition to the plan assets held with third-party trustees, the Company also maintains a reinsurance asset arrangement with a large international insurance company. The reinsurance asset is an asset of the Company whose purpose is to provide funding for benefit payments for one of the plans. At December 31, 2012, the reinsurance asset was carried on the Company's Consolidated Balance Sheets at its cash surrender value of $8.8 million and is classified in Other Assets. The Company believes the cash

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surrender value approximates fair value and is equivalent to a Level 2 input under the FASB's fair value framework in ASC Topic 820.

(2) The Funded status — shortfall represents the amount of the projected benefit obligation that the Company has not funded with a third-party trustee. This amount is a liability of the Company and is recorded in Other Liabilities on the Company's Consolidated Balance Sheets.

(3) The deferred actuarial loss as of December 31, 2012, is recorded in Accumulated Other Comprehensive Income ("AOCI") and will be reclassified out of AOCI and recognized as pension expense over approximately 14 years, subject to certain limitations set forth in FASB ASC Topic 715. The impact of this amortization on the periodic pension expense in 2013 will be immaterial. For 2012, 2011, and 2010, approximately $0.2 million, $0.1 million, and $0.2 million, respectively, of deferred actuarial pension gains were reclassified from AOCI to pension expense. The Company considers the impact of the reclassifications for those years to be immaterial.

14 — SEGMENT INFORMATION

The Company manages its business through three reportable segments: Research, Consulting and Events. Research consists primarily of subscription-based research products, access to research inquiry, peer networking services, and membership programs. Consulting consists primarily of consulting, measurement engagements, and strategic advisory services. Events consists of various symposia, conferences and exhibitions.

The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution, as presented in the table below, is defined as operating income excluding certain COS and SG&A expenses, depreciation, acquisition and integration charges, and amortization of intangibles. Certain bonus and fringe benefit costs included in consolidated COS are not allocated to segment expense. The accounting policies used by the reportable segments are the same as those used by the Company. There are no intersegment revenues.

The Company earns revenue from clients in many countries. Other than the United States, there is no individual country in which revenues from external clients represent 10% or more of the Company's consolidated revenues. Additionally, no single client accounted for 10% or more of total revenue and the loss of a single client, in management's opinion, would not have a material adverse effect on revenues. The Company does not identify or allocate assets, including capital

expenditures, by reportable segment. Accordingly, assets are not being reported by segment because the information is not available by segment and is not reviewed in the evaluation of performance or making decisions in the allocation of resources.

The following tables present operating information about the Company's reportable segments for the years ended December 31 (in thousands):

2012	Research	Consulting	Events	Consolidated
Revenues	$1,137,147	$304,893	$173,768	$1,615,808
Gross contribution	774,342	109,253	80,119	963,714
Corporate and other expenses				(718,007)
Operating income				$245,707

2011	Research	Consulting	Events	Consolidated
Revenues	$1,012,062	$308,047	$148,479	$1,468,588
Gross contribution	682,136	114,838	66,265	863,239
Corporate and other expenses				(649,177)
Operating income				$214,062

2010	Research	Consulting	Events	Consolidated
Revenues	$865,000	$302,117	$121,337	$1,288,454
Gross contribution	564,527	121,885	55,884	742,296
Corporate and other expenses				(593,031)
Operating income				$149,265

The Company's revenues are generated primarily through direct sales to clients by domestic and international sales forces and a network of independent international sales agents. Most of the Company's products and services are provided on an integrated worldwide basis, and because of this integrated delivery, it is not practical to precisely separate our revenues by geographic location.

Accordingly, the separation set forth in the table below is based upon internal allocations, which involve certain management estimates and judgments. Revenues in the table are reported based on where the sale is fulfilled; "Other International" revenues are those attributable to all areas located outside of the United States and Canada, and Europe, Middle East, and Africa.

Summarized information by geographic location as of and for the years ended December 31 follows (in thousands):

	2012	2011	2010
Revenues:			
United States and Canada	$947,075	$861,481	$765,793
Europe, Middle East and Africa	458,675	437,194	380,771
Other International	210,058	169,913	141,890
Total revenues	$1,615,808	$1,468,588	$1,288,454
Long-lived assets: (1)			
United States and Canada (2)	$114,557	$85,194	$69,163
Europe, Middle East and Africa	30,967	23,673	21,856
Other International	16,956	10,754	6,175
Total long-lived assets	$162,480	$119,621	$97,194

(1) Excludes goodwill and other intangible assets.

(2) The 2012 balance for the United States and Canada includes approximately $17.0 million of additional costs capitalized in 2012 in connection with the renovation of the Company's Stamford headquarters facility (see Note 1 — Business and Significant Accounting Policies for additional description).

15 — VALUATION AND QUALIFYING ACCOUNTS

The Company maintains an allowance for losses which is composed of a bad debt allowance and a revenue reserve. Provisions are charged against earnings either as an increase to expense or a reduction in revenues. The following table summarizes activity in the Company's allowance for the years ended December 31(in thousands):

	Balance at	Additions Charged	Additions Charged	Deductions from	Balance at End

	Beginning of Year	to Expense	Against Revenues	Reserve	of Year
2012:					
Allowance for doubtful accounts and returns and allowances	$ 7,260	$ 1,930	$ 1,860	$ (4,650)	$ 6,400
2011:					
Allowance for doubtful accounts and returns and allowances	$ 7,200	$ 930	$ 4,390	$ (5,260)	$ 7,260
2010:					
Allowance for doubtful accounts and returns and allowances	$ 8,100	$ 800	$ 2,000	$ (3,700)	$ 7,200

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this Report on Form 10-K to be signed on its behalf by the undersigned, duly authorized, in Stamford, Connecticut, on February 22, 2013.

	Gartner, Inc.
Date: February 22, 2013	By: /s/ Eugene A. Hall Eugene A. Hall Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below appoints Eugene A. Hall and Christopher J. Lafond and each of them, acting individually, as his or her attorney-in-fact, each with full power of substitution, for him or her in all capacities, to sign all amendments to this Report on Form 10-K, and to file the same, with appropriate exhibits and other related documents, with the Securities and Exchange Commission. Each of the undersigned ratifies and confirms his or her signatures as they may be signed by his or her attorney-in-fact to any amendments to this Report. Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Eugene A. Hall	Director and Chief Executive Officer	February 22, 2013
Eugene A. Hall	(Principal Executive Officer)	
/s/ Christopher J. Lafond	Executive Vice President and Chief Financial Officer	February 22, 2013
Christopher J. Lafond	(Principal Financial and Accounting Officer)	
/s/ Michael J. Bingle	Director	February 22, 2013
Michael J. Bingle		

/s/ Richard J. Bressler Richard J. Bressler	Director	February 22, 2013
/s/ Raul E. Cesan Raul E. Cesan	Director	February 22, 2013
/s/ Karen E. Dykstra Karen E. Dykstra	Director	February 22, 2013
/s/ Anne Sutherland Fuchs Anne Sutherland Fuchs	Director	February 22, 2013
/s/ William O. Grabe William O. Grabe	Director	February 22, 2013
/s/ Stephen G. Pagliuca Stephen G. Pagliuca	Director	February 22, 2013
/s/ James C. Smith James C. Smith	Director	February 22, 2013

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