

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000

COMMISSION FILE NUMBER 0-14443

GARTNER GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware	04-3099750
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

P.O. Box 10212	06904-2212
56 Top Gallant Road	(Zip Code)
Stamford, CT	

(Address of principal executive offices)

Registrant's telephone number, including area code: (203) 316-1111

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Class	Name of Each Exchange On Which Registered
Common Stock, Class A, \$.0005 Par Value	New York Stock Exchange
Common Stock, Class B, \$.0005 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None.

Indicate by check mark whether the registrant (1) has filed all reports 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 reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ()

The aggregate market value of the voting stock held by persons other than those who may be deemed affiliates of the Company, as of November 30, 2000, was approximately \$723.5 million. This calculation does not reflect a determination that persons are affiliates for any other purposes.

The number of shares outstanding of the registrant's capital stock as of November 30, 2000 was 53,994,898 shares of Common Stock, Class A and 32,559,916 shares of Common Stock, Class B.

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Annual Report to Stockholders of Registrant for the fiscal year ended September 30, 2000. Certain information therein is incorporated by reference into Part II hereof.
- (2) Proxy Statement for the Annual Meeting of Stockholders of Registrant to be held on January 25, 2001. Certain information in the Proxy Statement is incorporated by reference into Part III hereof.

ITEM 1. BUSINESS.

GENERAL

Gartner Group, Inc. ("Gartner" or the "Company"), founded in 1979, is the world's leading independent provider of research and analysis on the computer hardware, software, communications and related information technology ("IT") industries. The Company is organized into four business segments: research, consulting, events and TechRepublic. Research encompasses products which, on an ongoing basis, highlight industry developments, review new products and technologies, provide quantitative market research, and analyze industry trends within a particular technology or market sector. The Company's clients typically enters into annual renewable subscription contracts for research products. The Company distributes such products through print and electronic media. Consulting consists primarily of consulting and measurement engagements, which provide comprehensive assessments of cost performance, efficiency and quality for all areas of IT. Events consists of various focused symposia, expositions and conferences. TechRepublic consists of an IT professional online destination with revenues consisting primarily of Web-based advertising. The Company's primary clients are senior business executives, IT professionals, purchasers and vendors of IT products and services. Gartner product and service offerings collectively provide comprehensive coverage of the IT industry to over 10,000 client organizations.

MARKET OVERVIEW

The explosion of complex IT products and services creates a growing demand for independent research and analysis. Furthermore, IT is increasingly important to organizations' business strategies as the pace of technological change has accelerated and the ability of an organization to integrate and deploy new information technologies is critical to its competitiveness. Companies planning their IT needs must stay abreast of rapid technological developments and industry best practices in a dynamic market where vendors continually introduce new products with a wide variety of standards and ever-shorter life cycles. As a result, senior business executives and IT professionals are making substantial financial commitments to IT systems and products and require independent, third-party research and consultative services which provide a comprehensive view of the IT landscape in order to make purchasing and planning decisions for their organization.

BUSINESS STRATEGY

The Company's objective is to maintain and enhance its market position as a leading provider of in-depth, value-added, proprietary research and analysis of the IT market. The Company applies five strategic imperatives to leverage its thought leadership through both a services organization and an interactive channel in order to maximize opportunity and financial results: deliver cutting-edge provocative thought leadership in its research; dramatically grow the Company's consulting business; enhance the Company's Internet-delivery capabilities; attract and retain the best personnel; and increase client loyalty.

Deliver Thought Leadership. The Company is a leading provider of in-depth, value-added, proprietary research and analysis of the IT industry. The Company's global network of professionals is comprised of more than 1,400 consultants and research analysts with an average of fifteen years of industry experience. The Company maintains five primary research centers located in Stamford, CT; Santa Clara, CA; Windsor, England; Brisbane, Australia; and Tokyo, Japan, plus a number of smaller, satellite research centers throughout the world.

Grow the Consulting Business. The Company continues to invest in and grow its consulting business to further leverage its knowledge base. There is a significant demand within the Company's current client base for the Company to apply its knowledge and message to client-specific situations and industries. The Company intends to continue to leverage its research knowledge to provide cost-effective solutions and to staff appropriately to deliver on the expanding consulting business.

Enhance Internet-Delivery Capabilities. The Company is significantly investing in re-architecting the Company's Internet-delivery capability. The Company is on its third-generation Web platform, and has been a leader in using the Internet to deliver research to its clients. In order to capture the full potential of the Internet as an interactive delivery vehicle, the Company is redesigning its research process to deliver into an Internet paradigm with launch anticipated in the first quarter of fiscal 2001. The Company is expanding its research capability to include tools and a Web-based interaction for research and inquiry that is continuously refreshed within a dynamic Internet environment. Additionally, the Company will continue to invest in TechRepublic, the leading online destination for enterprise computing professionals, to ensure the continued growth of the TechRepublic community and the Company's ability to monetize the community through advertising and e-commerce.

Retain and Attract the Best Personnel. The Company has over 4,300 associates, an increase of approximately 27% from the prior year. The Company's goal is to provide an environment where every associate is respected, challenged, and empowered to make decisions and act in the best interest of the Company and its clients. The Company believes that creating a positive, stimulating work

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environment will attract new employees and increase retention.

Increase Client Loyalty. The Company provides products and services to more than 10,000 client organizations. The Company strives to have an intimate knowledge of its clients and their industries in addition to the technological expertise needed to redefine and transform their businesses. The Company's goal is to rapidly deliver strategically relevant research and analysis that surpasses client requirements and encourages a high level of satisfaction that, in turn, results in increased client engagements and renewals, multi-year contracts, additive services across business segments, and new client referrals.

The Company believes that successful execution of these strategies will enable the Company to expand its client base in domestic and international markets and create value-based relationships that lead to increased sales of its products and services.

PRODUCTS AND SERVICES

The Company's principal products and services are Research, Consulting, Events, and Internet (TechRepublic, the Company's online community for IT professionals).

Research. Research consists primarily of annually renewable subscription-based contracts for research products which, on an ongoing basis, highlight industry developments, review new products and technologies, provide quantitative market research, analyze industry trends within a particular technology or market sector and provide comparative analysis of the IT operations of organizations.

Research provides qualitative and quantitative research and analysis that clarifies decision-making for IT buyers, users and vendors. Research and advisory services also provide objective analysis that helps clients stay ahead of IT trends, directions and vendor strategies and provide worldwide coverage of research, statistical analysis, growth projections and market share rankings of suppliers and vendors to IT manufacturers and the financial community. Each product is supported by a team of research staff members with substantial experience in the covered segment or topic of the IT industry. The Company's staff researches and prepares published reports and responds to telephone and E-mail inquiries from clients. Clients receive Gartner research and analysis on paper and through a number of electronic delivery formats.

The Company measures the volume of its research business based on research contract value. The Company calculates research contract value as the annualized value of all subscription-based research contracts in effect at a given point in time, without regard to the duration of the contracts outstanding at such time. Historically, the Company has experienced that a substantial portion of client companies has renewed these services for an equal or higher level of total payments each year.

Deferred revenues, as presented in the Company's Consolidated Balance Sheets, represent unamortized revenues from billed research products, consulting engagements and events. Total deferred revenues do not directly correlate to contract value as of the same date since contract value represents an annualized value of all outstanding contracts without regard to the duration of such contracts, and deferred revenue represents unamortized revenue remaining on outstanding and billed contracts.

Consulting. Consulting consists of consulting and measurement engagements. Consulting provides customized project consulting on the delivery, deployment and management of high-tech products and services. Principal consulting service offerings include Marketing Strategy, Competitive Analysis, E-Business Strategy, Customer Satisfaction Surveys, and E-Business Web Diagnostic. Measurement services provide benchmarking, continuous improvement and best practices services. One of the Company's key measurements of its Consulting products is consulting backlog. Consulting backlog represents future revenue to be derived from in-process consulting and measurement engagements.

Events. Events include symposia, conferences and exhibitions that provide comprehensive coverage of IT issues and forecasts of key IT industry segments. The conference season begins each year with Symposia and ITxpo, held in the United States, Europe and the Asia/Pacific rim. Additionally, the Company sponsors other conferences, seminars and briefings. Certain events are offered as part of a continuous services subscription; however, the majority of events are individually paid for prior to attendance.

Internet. TechRepublic is an online destination developed exclusively for IT professionals by IT professionals and provides career insight, community interaction, and customized content to CIOs, IT managers, network administrators, support professionals, and other enterprise computing professionals. The TechRepublic Web site offerings include IT industry news, newsletters, analysis, columns, articles, downloads, forums, event listings and job, peer and vendor directories. TechRepublic revenues are derived primarily from the sale of advertising on pages and are recognized upon delivery to users of the TechRepublic Web site.

See Note 16 of the Notes to Consolidated Financial Statements included in the 2000 Annual Report to Stockholders, incorporated by reference herein, for a summary of the Company's operating segments and geographic information.

The Company believes that the principal competitive factors in its industry are quality of research and analysis, timely delivery of information, customer service, the ability to offer products that meet changing market needs for information and analysis and price. The Company believes it competes favorably with respect to each of these factors.

The Company faces competition from a significant number of independent providers of information products and services, as well as the internal marketing and planning organizations of the Company's clients. The Company also competes indirectly against consulting firms and other information providers, including electronic and print media companies. These indirect competitors could choose to compete directly with the Company in the future. In addition, limited barriers to entry exist in the Company's market. As a result, additional new competitors may emerge and existing competitors may start to provide additional or complementary services. Increased competition may result in loss of market share, diminished value in the Company's products and services, reduced pricing and increased marketing expenditures. The Company may not be successful if it cannot compete effectively on quality of research and analysis, timely delivery of information, customer service, the ability to offer products to meet changing market needs for information and analysis, and price.

EMPLOYEES

As of September 30, 2000, the Company employed 4,322 persons, of which 1,032 employees are located at the Company's headquarters in Stamford, CT; 1,880 are located at other domestic facilities; and 1,410 are located outside of the United States. None of the Company's employees are represented by a collective bargaining arrangement. The Company has experienced no work stoppages and considers its relations with employees to be favorable.

The Company's future success depends heavily upon the quality of its senior management, sales personnel, IT analysts, consultants and other key personnel. The Company faces intense competition for these qualified professionals from, among others, technology and Internet companies, market research firms, consulting firms and electronic and print media companies. Some of the personnel that the Company attempts to hire are subject to non-competition agreements that could impede the Company's short-term recruitment efforts. Any failure to retain key personnel or hire additional qualified personnel as may be required to support the evolving needs of clients or growth in the Company's business could adversely affect the quality of the Company's products and services, and, therefore, its future business and operating results.

ITEM 2. PROPERTIES.

The Company's headquarters are located in approximately 244,000 square feet of leased office space in five buildings located in Stamford, CT. These facilities accommodate research and analysis, marketing, sales, client support, production and corporate administration. The leases on these facilities expire in 2010. The Company also leases office space in 40 domestic and 40 international locations to support its research and analysis, domestic and international sales efforts and other functions. The Company believes its existing facilities and expansion options are adequate for its current needs and that additional facilities are available for lease to meet future needs.

ITEM 3. LEGAL PROCEEDINGS.

The Company is involved in legal proceedings and litigation arising in the ordinary course of business. The Company believes the outcome of all current proceedings, claims and litigation will not have a material effect on the Company's financial position or results of operations when resolved in a future period.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted to a vote of the Company's stockholders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

As of November 30, 2000, there were approximately 250 holders of record of the Company's Class A Common Stock and approximately 4,300 holders of record of the Company's Class B Common Stock. Since September 15, 1998, the Company's Class A Common Stock has been listed for trading on the New York Stock Exchange under the symbol "IT". Prior to September 15, 1998, the

Class A Common Stock was listed on the Nasdaq National Market. Since July 20, 1999, the Company's Class B Common Stock has been listed for trading on the New York Stock Exchange under the symbol "IT/B". The Class B Common Stock is identical in all respects to the Class A Common Stock, except that the Class B Common Stock is entitled to elect at least 80% of the members of the Company's Board of Directors. In connection with the Company's recapitalization in July 1999, the Company declared a special, non-recurring cash dividend of \$1.1945 per share, payable to all Company stockholders of record as of July 16, 1999. The cash dividend, totaling approximately \$125.0 million, was paid on July 22, 1999 and was funded out of existing cash. While subject to periodic review, the current policy of the Company's Board of Directors is to retain all earnings primarily to provide funds for the continued growth of the Company.

The following table sets forth for the periods indicated the high and low sales prices for the Class A Common Stock and Class B Common Stock as reported on the New York Stock Exchange.

CLASS A COMMON STOCK

	FISCAL YEAR 2000		FISCAL YEAR 1999	
	HIGH	LOW	HIGH	LOW
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First Quarter ended December 31	\$19.00	\$ 9.56	\$24.81	\$17.31
Second Quarter ended March 31	\$22.25	\$12.63	\$25.75	\$20.38
Third Quarter ended June 30	\$17.00	\$11.38	\$24.94	\$18.75
Fourth Quarter ended September 30	\$15.25	\$11.63	\$23.38	\$14.25

CLASS B COMMON STOCK

	FISCAL YEAR 2000		FISCAL YEAR 1999	
	HIGH	LOW	HIGH	LOW
	----	---	----	---
First Quarter ended December 31	\$18.75	\$ 9.38	--	--
Second Quarter ended March 31	\$17.63	\$10.00	--	--
Third Quarter ended June 30	\$13.25	\$ 9.19	--	--
Fourth Quarter ended September 30	\$13.06	\$ 9.75	\$23.81	\$16.25

ITEM 6. SELECTED FINANCIAL DATA.

"Selected Consolidated Financial Data" contained on pages 56 and 57 of the Annual Report of Stockholders of the Company is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" contained on pages 28 through 35 of the 2000 Annual Report to Stockholders of the Company is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

"Quantitative and Qualitative Disclosures about Market Risk" contained on page 35 of the 2000 Annual Report to Stockholders of the Company is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

"Consolidated Financial Statements and Selected Consolidated Financial Data" contained on pages 36 through 55 of the 2000 Annual Report to Stockholders of the Company is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information relating to the directors of the Company is set forth under the caption "Proposal One: Election of Directors" on pages 3 through 6 in the Proxy Statement for the Annual Meeting of Stockholders of the Company to be held January 25, 2001 and is incorporated herein by reference. Information relating to executive officers of the Company is set forth under the caption "Executive Officers" on page 7 of the Proxy Statement for the Annual Meeting of Stockholders of the Company to be held January 25, 2001 and is incorporated herein by reference. Information relating to Section 16(a) of the Exchange Act is set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" on page 20 of the Proxy Statement for the Annual Meeting of Stockholders of the Company to be held January 25, 2001 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information relating to Executive Compensation is set forth under the caption "Executive Compensation" on pages 9 through 17 of the Proxy Statement for the Annual Meeting of Stockholders of the Company to be held January 25, 2001 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information relating to Security Ownership of Certain Beneficial Owners and Management is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" on pages 20 and 21 of the Company's Proxy Statement for the Annual Meeting of Stockholders of the Company to be held January 25, 2001 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information relating to Certain Relationships and Related Transactions is set forth under the caption "Certain Relationships and Transactions" of the Proxy Statement for the Annual Meeting of Stockholders of the Company to be held January 25, 2001 on pages 21 and 22 and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements

The following consolidated financial statements are incorporated herein by reference to the 2000 Annual Report to Stockholders of the Company in response to Item 8 thereof:

- (i) Independent Auditors' Report;
- (ii) Consolidated Balance Sheets as of September 30, 2000 and 1999;
- (iii) Consolidated Statements of Operations for Fiscal Years Ended September 30, 2000, 1999 and 1998;
- (iv) Consolidated Statements of Changes in Stockholders' Equity for Fiscal Years Ended September 30, 2000, 1999 and 1998;
- (v) Consolidated Statements of Cash Flows for Fiscal Years Ended September 30, 2000, 1999 and 1998;
- (vi) Notes to Consolidated Financial Statements.

2. Financial Statement Schedule

II. Valuation and qualifying accounts

Schedules not listed above have been omitted because the information required is not applicable or is shown in the financial statements or notes thereto.

3. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
3.1a	Amended and Restated Certificate of Incorporation
3.1b(6)	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock and Series B Junior Participating Preferred Stock of the Company, effective March 1, 2000
3.2	Amended Bylaws, as amended through April 14, 2000
4.1(1)	Form of Certificate for Common Stock, Class A
4.2(4)	Form of Certificate for Common Stock, Class B
4.3(6)	Rights Agreement, dated as of February 10, 2000, between the Company and Bank Boston N.A., as Rights Agent, with related exhibits
4.4a(8)	Credit Agreement dated July 16, 1999 by and among the Company and certain financial institutions, including Chase Manhattan Bank in its capacity as a lender and as agent for the lenders
4.4b(9)	Amendment No. 1, dated as of February 25, 2000 in respect of the Credit Agreement dated as of July 16, 1999
10.1(1)	Form of Indemnification Agreement
10.2a(10)	Securities Purchase Agreement dated as of March 21, 2000 between Gartner Group, Inc., Silver Lake Partners, L.P., Silver Lake Technology Investors, L.L.C. and other parties thereto.
10.2b(10)	Amendment to the Securities Purchase Agreement dated as of April 17, 2000 between Gartner Group, Inc., Silver Lake Partners, L.P., Silver Lake Technology Investors, L.L.C. and the other parties thereto.
10.2c(10)	Form of 6% Convertible Junior Subordinated Promissory Note due April 17, 2005
10.2d(10)	Securityholders Agreement dated as of April 17, 2000 among Gartner Group, Inc., Silver Lake Partners, L.P. and the other parties thereto.
10.3(1)	Amended and Restated Registration Rights Agreement dated March 19, 1993 among the Company, Dun & Bradstreet Corporation and D&B Enterprises, Inc.
10.4a(2)	Lease dated December 29, 1994 between Soundview Farms and the Company related to premises at 56 Top Gallant Road, 70 Gatehouse Road, and 88 Gatehouse Road, Stamford, Connecticut
10.4b(5)	Lease dated May 16, 1997 by and between Soundview Farms and the Company related to premises at 56 Top Gallant Road, 70 Gatehouse Road, 88 Gatehouse Road and 10 Signal Road, Stamford, Connecticut (amendment to lease dated December 29, 1994, see exhibit 10.4a)
10.5(1)*	Long Term Incentive Plan (Tenure Plan), including form of Employee Stock Purchase Agreement
10.6(5)*	1991 Stock Option Plan, as amended and restated on October 12, 1999
10.7*	1993 Director Stock Option Plan as amended and restated on April 14, 2000
10.8(1)*	Employee Stock Purchase Plan
10.9(5)*	1994 Long Term Stock Option Plan, as amended and restated on October 12, 1999
10.10(1)	Commitment Letter dated July 16, 1993 from The Bank of New York
10.11(1)	Indemnification Agreement dated April 16, 1993 by and among the Company, Cognizant (as successor to the Dun & Bradstreet Corporation) and the Information Partners Capital Fund
10.12(5)*	1998 Long Term Stock Option Plan, as amended and restated on October 12, 1999
10.13(3)	Commitment Letter dated September 30, 1996 from Chase Manhattan Bank
10.14(5)*	1996 Long Term Stock Option Plan, as amended and restated on October 12, 1999
10.15(5)*	Employment Agreement between Manuel A. Fernandez and Gartner Group, Inc. as of November 12, 1998

- 10.15* Addendum No. 1 to Employment Agreement between Manual A. Fernandez and Gartner Group, Inc. as of April 14, 2000.
- 10.16(9)* Employment Agreement between Michael D. Fleisher and Gartner Group, Inc. as of November 1, 1999.
- 10.17* Employment Agreement between Regina M. Paolillo and Gartner Group, Inc. as of July 1, 2000.
- 10.18(6)* Employment Agreement between William R. McDermott and Gartner Group, Inc. dated as of August 7, 2000
- 10.19* Employment Agreement between Robert E. Knapp and Gartner Group, Inc. dated as of August 7, 2000
- 13.1 Annual report to stockholders
- 21.1 Subsidiaries of Registrant
- 23.1 Independent Auditors' Report on Financial Statement Schedule
- 23.2 Independent Auditors' Consent
- 24.1 Power of Attorney (see Signature Page)
- 27.1 Financial Data Schedules

* Management compensation plan or arrangement.

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- (1) Incorporated by reference from the Company's Registration Statement on Form S-1 (File No. 33-67576), as amended, effective October 4, 1993.
 - (2) Incorporated by reference from the Company's Annual Report on Form 10-K as filed on December 21, 1995.
 - (3) Incorporated by reference from the Company's Annual Report on Form 10-K as filed on December 17, 1996.
 - (4) Incorporated by reference from the Company's Registration Statement on Form 8-A as filed on July 7, 1999.
 - (5) Incorporated by reference from the Company's Annual Report on Form 10-K filed on December 22, 1999.
 - (6) Incorporated by reference from the Company's Quarterly Report on Form 10-Q as filed on August 14, 2000.
 - (7) Incorporated by reference from the Company's Form 8-K dated February 9, 2000 as filed on March 7, 2000.
 - (8) Incorporated by reference from the Company's Tender Offer Statement on Schedule 13E-4 as filed on July 27, 1999.
 - (9) Incorporated by reference from the Company's Quarterly Report on Form 10-Q as filed on May 12, 2000.
 - (10) Incorporated by reference from the Company's Form 8-K dated April 17, 2000 as filed on April 25, 2000.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the fiscal quarter ended September 30, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 29, 2000.

GARTNER GROUP, INC.

By: /s/ MICHAEL D. FLEISHER

Michael D. Fleisher
Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Michael D. Fleisher and Regina M. Paolillo and each of them acting individually, as his or her attorney-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any and 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 to any and all amendments to said Report.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

NAME	TITLE	DATE
/s/ MICHAEL D. FLEISHER ----- Michael D. Fleisher	Director and Chief Executive Officer (Principal Executive Officer)	December 29, 2000
/s/ REGINA M. PAOLILLO ----- Regina M. Paolillo	Executive Vice President, Corporate Services and Chief Financial Officer (Principal Financial and Accounting Officer)	December 29, 2000
/s/ MANUEL A. FERNANDEZ ----- Manuel A. Fernandez	Director, Chairman of the Board	December 29, 2000
/s/ ANNE SUTHERLAND FUCHS ----- Anne Sutherland Fuchs	Director	December 29, 2000
/s/ WILLIAM O. GRABE ----- William O. Grabe	Director	December 29, 2000
/s/ MAX D. HOPPER ----- Max D. Hopper	Director	December 29, 2000
/s/ GLENN H. HUTCHINS ----- Glenn H. Hutchins	Director	December 29, 2000
/s/ ROGER B. McNAMEE ----- Roger B. McNamee	Director	December 29, 2000
/s/ STEPHEN G. PAGLIUCA ----- Stephen G. Pagliuca	Director	December 29, 2000
/s/ KENNETH ROMAN ----- Kenneth Roman	Director	December 29, 2000
/s/ DENNIS G. SISCO ----- Dennis G. Sisco	Director	December 29, 2000

GARTNER GROUP, INC.
 SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
 (all amounts in thousands)

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts(1)	Deductions from Reserve(2)	Deductions for Sale of Business	Balance at End of Year
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YEAR ENDED SEPTEMBER 30, 1998 Allowance for doubtful accounts and returns and allowances.....	\$5,340	\$4,051	\$ -	\$3,564	\$1,702	\$4,125
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YEAR ENDED SEPTEMBER 30, 1999 Allowance for doubtful accounts and returns and allowances.....	\$4,125	\$5,128	\$274	\$4,589	\$ -	\$4,938
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YEAR ENDED SEPTEMBER 30, 2000 Allowance for doubtful accounts and returns and allowances.....	\$4,938	\$4,256	\$ 46	\$4,236	\$ -	\$5,004
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(1) Allowances of \$46 and \$274 recorded upon acquisitions of entities in years ended September 30, 2000 and 1999, respectively.

(2) Amounts written off.

EXHIBIT INDEX

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10.11(1)	Indemnification Agreement dated April 16, 1993 by and among the Company, Cognizant (as successor to the Dun & Bradstreet Corporation) and the Information Partners Capital Fund
10.12(5)*	1998 Long Term Stock Option Plan, as amended and restated on October 12, 1999
10.13(3)	Commitment Letter dated September 30, 1996 from Chase Manhattan Bank
10.14(5)*	1996 Long Term Stock Option Plan, as amended and restated on October 12, 1999
10.15(5)*	Employment Agreement between Manuel A. Fernandez and Gartner Group, Inc. as of November 12, 1998

- 10.15* Addendum No. 1 to Employment Agreement between Manual A. Fernandez and Gartner Group, Inc. as of April 14, 2000.
- 10.16(9)* Employment Agreement between Michael D. Fleisher and Gartner Group, Inc. as of November 1, 1999.
- 10.17* Employment Agreement between Regina M. Paolillo and Gartner Group, Inc. as of July 1, 2000.
- 10.18(6)* Employment Agreement between William R. McDermott and Gartner Group, Inc. dated as of August 7, 2000
- 10.19* Employment Agreement between Robert E. Knapp and Gartner Group, Inc. dated as of August 7, 2000
- 13.1 Annual report to stockholders
- 21.1 Subsidiaries of Registrant
- 23.1 Independent Auditors' Report on Financial Statement Schedule
- 23.2 Independent Auditors' Consent
- 24.1 Power of Attorney (see Signature Page)
- 27.1 Financial Data Schedules

* Management compensation plan or arrangement.

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- (1) Incorporated by reference from the Company's Registration Statement on Form S-1 (File No. 33-67576), as amended, effective October 4, 1993.
 - (2) Incorporated by reference from the Company's Annual Report on Form 10-K as filed on December 21, 1995.
 - (3) Incorporated by reference from the Company's Annual Report on Form 10-K as filed on December 17, 1996.
 - (4) Incorporated by reference from the Company's Registration Statement on Form 8-A as filed on July 7, 1999.
 - (5) Incorporated by reference from the Company's Annual Report on Form 10-K filed on December 22, 1999.
 - (6) Incorporated by reference from the Company's Quarterly Report on Form 10-Q as filed on August 14, 2000.
 - (7) Incorporated by reference from the Company's Form 8-K dated February 9, 2000 as filed on March 7, 2000.
 - (8) Incorporated by reference from the Company's Tender Offer Statement on Schedule 13E-4 as filed on July 27, 1999.
 - (9) Incorporated by reference from the Company's Quarterly Report on Form 10-Q as filed on May 12, 2000.
 - (10) Incorporated by reference from the Company's Form 8-K dated April 17, 2000 as filed on April 25, 2000.

RESTATED
CERTIFICATE OF INCORPORATION
OF GARTNER GROUP, INC.
a Delaware corporation
(originally incorporated on June 1, 1990
under the name "GGI Holding Corporation")

This Restated Certificate of Incorporation has been duly adopted by the Corporation's Board of Directors and Stockholders in accordance with the applicable provisions of Section 242 and 245 of the General Corporation Law of the State of Delaware.

ARTICLE I

The name of the corporation is Gartner Group, Inc. (the "Corporation").

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

1. Authorized Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, "common stock" and "preferred stock." The total number of shares which this corporation is authorized to issue is two hundred fifty-five million (255,000,000) shares. Two hundred fifty million (250,000,000) shares shall be designated common stock (the "Common Stock"), of which one hundred sixty-six million (166,000,000) shares shall be designated Common Stock, Class A (the "Class A Common Stock") and eighty-four million (84,000,000) shares shall be designated Common Stock, Class B (the "Class B Common Stock"). Five million (5,000,000 shares) shall be designated preferred stock (the "Preferred Stock"), all of which are presently undesignated as to series.

Each share of Preferred Stock shall have a par value of \$0.01 and each share of Common Stock shall have a par value of \$0.0005.

2. Common Stock. The Class A Common Stock and the Class B Common Stock shall be

identical in all respects, except as otherwise expressly provided herein, and the relative powers, preferences, rights, qualifications, limitations and restrictions of the shares of Class A Common Stock and Class B Common Stock shall be as follows:

(a) Cash or Property Dividends. Subject to the rights and preferences of the Preferred Stock as set forth in any resolution or resolutions of the Board of Directors providing for the issuance of such stock pursuant to this Article IV, and except as otherwise provided for herein, the holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends out of assets legally available therefor at such times and in such per share amounts as the Board of Directors may from time to time determine; provided that whenever a cash dividend is paid, the same amount shall be paid in respect of each outstanding share of Class A Common Stock and Class B Common Stock.

(b) Stock Dividends. If at any time a dividend is to be paid in shares of Class A Common Stock or shares of Class B Common Stock (a "stock dividend"), such stock dividend may be declared and paid only as follows: only Class A Common Stock may be paid to holders of Class A Common Stock and only Class B Common Stock may be paid to holders of Class B Common Stock, and whenever a stock dividend is paid, the same rate or ratio of shares shall be paid in respect of each outstanding share of Class A Common Stock and Class B Common Stock.

(c) Stock Subdivisions and Combinations. The Corporation shall not subdivide, reclassify or combine stock of either class of Common Stock without at the same time making a proportionate subdivision or combination of the other class.

(d) Voting. Voting power shall be divided between the classes and series of stock as follows:

(i) With respect to the election of directors, holders of Class A Common Stock and holders of Voting Preferred Stock (as defined below), voting together, shall be entitled to elect that number of directors which constitutes 20% of the authorized number of members of the Board of Directors (or, if such 20% is not a whole number, then the nearest lower whole number of directors that is closest to 20% of such membership) (the "Class A Directors"). Each share of Class A Common Stock shall have one vote in the election of the Class A Directors and each share of Voting Preferred Stock shall have a number of votes in the election of the Class A Directors as specified in the resolution of the Board of Directors authorizing such Voting Preferred Stock. Holders of Class B Common Stock shall be entitled to elect the remaining directors (the "Class B Directors"). Each share of Class B Common Stock shall have one vote in the election of such directors. For purposes of this Section (2)(d) and Section (2)(e) of this Article IV, references to the authorized number of members of the Board of Directors (or the remaining directors) shall not include any directors which the holders of any shares of Preferred Stock may have the right to elect upon the failure of the Corporation to pay regular dividends on such Preferred Stock as and when due for a specified period of time. For purposes of this Section (2)(d), "Special Voting Rights" means the different voting rights of the holders of Class A Common Stock, holders of Class B Common Stock and holders of Voting Preferred Stock with respect to the election of the applicable percentage of the authorized number of members of the Board of Directors as described in this Section (2)(d)(i). "Voting Preferred Stock" means shares of each series of Preferred Stock upon which the right to vote for directors has been conferred in accordance with Section (3) of this Article IV, except for any right to elect directors which may be provided upon the failure of the Corporation to pay regular dividends on such Preferred Stock as and when due for a specified period of time.

(ii) Subject to the last sentence of this Section (2)(d)(ii), notwithstanding anything to the contrary contained in Section 2(d)(i) of this Article IV, for so long as any person or entity or group of persons or entities acting in concert beneficially own 15% or more of the outstanding shares of Class B Common Stock, then in any election of directors or other exercise of voting rights with respect to the election or removal of directors, such person, entity or group shall only be entitled to vote (or otherwise exercise voting rights with respect to) a number of shares of Class B Common Stock that constitutes a percentage of the total number of shares of Class B Common Stock then outstanding which is less than or equal to such person, entity or group's Entitled Voting Percentage. For the purposes hereof, a person, entity or group's "Entitled Voting Percentage" at any time shall mean the percentage at such time of the then outstanding shares of Class A Common Stock beneficially owned by such person, entity or group. For purposes of this Section (2)(d)(ii), a "beneficial owner" of Common Stock includes any person or entity or group of persons or entities who, directly or indirectly, including through any contract, arrangement, understanding, relationship or otherwise, written or oral, formal or informal, control the voting power (which includes the power to vote or to direct the voting) of such Common Stock. The provisions of this Section (2)(d)(ii) shall be effective only following (A) the distribution by IMS Health Incorporated ("IMS HEALTH") to its stockholders of all of the Class B Common Stock owned by it, (B) the receipt of a private letter ruling from the Internal Revenue Service (the "IRS") to the effect that the terms of this Section (2)(d)(ii) will not have any adverse effect on the private letter ruling issued by the IRS to IMS Health on April 14, 1999 and any other private letter ruling issued by the IRS to IMS Health or any predecessor or former parent of IMS Health and (C) the approval of the terms of this Section (2)(d)(ii) by the New York Stock Exchange, Inc. or any other national securities exchange or automated quotation service on which the Common Stock is then listed or admitted for trading.

(iii) Any Class A Director may be removed only for cause, by a vote of a majority of the votes held by the holders of Class A Common Stock and holders of Voting Preferred Stock, voting together as a class. Any Class B Director may be removed only for cause, by a vote of a majority of the votes held by the holders of Class B Common Stock, voting separately as a class.

(iv) Except as otherwise specified herein, the holders of Class A Common Stock and holders of Class B Common Stock (A) shall in all matters not otherwise specified in this Section (2)(d) of this Article IV vote together (including, without limitation, with respect to increases or decreases in the authorized number of shares of any class of Common Stock), with each share of Class A Common Stock and Class B Common Stock having one vote, and (B) shall be entitled to vote as separate classes only when required by law to do so under mandatory statutory provisions that may not be excluded or overridden by a provision in the Certificate of Incorporation or as provided herein.

(v) Except as set forth in this Section (2)(d) of this Article IV, the holders of Class A Common Stock shall have exclusive voting power (except for any voting powers of any Preferred Stock) on all matters at any time when no Class B Common Stock is issued and outstanding, and the holders of Class B Common Stock shall have exclusive voting power (except for any voting powers of any Preferred Stock) on all matters at any time when no Class A Common Stock is issued and outstanding.

(e) Vacancies; Increase or Decreases in Size of the Board of Directors. Any vacancy in the

office of a director created by the death, resignation or removal of a director elected by (or appointed on behalf of) the holders of the Class B Common Stock or the holders of the Class A Common Stock and Voting Preferred Stock voting together as a class, as the case may be, may be filled by the vote of the majority of the directors (or the sole remaining director) elected by (or appointed on behalf of) such holders of Class B Common Stock or Class A Common Stock and Voting Preferred Stock (or on behalf of whom that director was appointed), as the case may be, whose death, resignation or removal created the vacancy, unless there are no such directors, in which case such vacancy may be filled by the vote of the majority of the directors or by the sole remaining director, regardless, in each instance, of any quorum requirements set out in the By-laws. Any director elected by some or all of the directors to fill a vacancy shall hold office for the remainder of the full term of the director whose vacancy is being filled and until such director's successor shall have been elected and qualified unless removed and replaced pursuant to Section (2)(d)(iii) of this Article IV and this Section (2)(e). All newly-created directorships resulting from an increase in the authorized number of directors shall be allocated between Class A Directors and Class B Directors such that at all times the number of directorships reserved for Class A Directors shall be 20% of the authorized number of members of the Board of Directors (or, if such 20% is not a whole number, then the nearest lower whole number of directors that is closest to 20% of such membership) and the remaining directorships are reserved for Class B Directors. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. If the number of directors is changed, any increase or decrease shall be apportioned among the classes of directors established pursuant to Article V so as to maintain the number of directors in each class as nearly equal as possible.

(f) Merger or Consolidation. In case of any consolidation of the Corporation with one or more other corporations or a merger of the Corporation with another corporation, each holder of a share of Class A Common Stock shall be entitled to receive with respect to such share the same kind and amount of shares of stock and other securities and property (including cash) receivable upon such consolidation or merger by a holder of a share of Class B Common Stock, and each holder of a share of Class B Common Stock shall be entitled to receive with respect to such share the same kind and amount of shares of stock and other securities and property (including cash) receivable upon such consolidation or merger by a holder of a share of Class A Common Stock; provided that, in any such transaction, the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock may receive different kinds of shares of stock if the only difference in such shares is the inclusion of voting rights which continue the Special Voting Rights.

(g) Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the Class A Common Stock and Class B Common Stock shall participate equally per share in any distribution to stockholders, without distinction between classes.

3. Preferred Stock. Any Preferred Stock not previously designated as to series may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board), and such resolution or resolutions shall also set forth the voting powers, full or limited or none, of each such series of Preferred Stock and shall fix the designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions of each such series of Preferred Stock. The Board of Directors is authorized to alter the designation, rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and, within the limits and restrictions stated in any resolution or resolutions of the

Board of Directors originally fixing the number of shares constituting any series of Preferred Stock, to increase or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

Each share of Preferred Stock issued by the Corporation, if reacquired by the Corporation (whether by redemption, repurchase, conversion to Common Stock or other means), shall upon such reacquisition resume the status of authorized and unissued shares of Preferred Stock, undesignated as to series and available for designation and issuance by the Corporation in accordance with the immediately preceding paragraph.

ARTICLE V

The directors, other than those who may be elected solely by the holders of any class or series of Preferred Stock, if any, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the Board of Directors, one class ("Class I") To hold office initially for a term expiring at the first annual meeting of stockholders to be held after the date this Article V becomes effective (the "Classified Board Effective Date"), another class ("Class II") to hold office initially for a term expiring at the second annual meeting of stockholders to be held after the Classified Board Effective Date, and another class ("Class III") to hold office initially for a term expiring at the third annual meeting of stockholders to be held after the Classified Board Effective Date, with the members of each class to hold office until their successors are elected and qualified. Directors elected by a class or series of stock, or if applicable, classes or series of stock voting together, shall be divided as evenly as possible, and shall be allocated by the Board of Directors, among Class I, Class II and Class III. At each annual meeting of stockholders, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

ARTICLE VI

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter or repeal the by-laws of the Corporation.

ARTICLE VII

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the Corporation. Election of directors need not be by written ballot unless the by-laws of the Corporation so provide.

ARTICLE VIII

To the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director. Any repeal or modification of this Article VIII shall not adversely affect any right or protection of a

director of the Corporation existing at the time of such repeal or modification.

ARTICLE IX

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate in the manner now or hereafter prescribed herein and by the laws of the State of Delaware, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned has executed this certificate on July 16, 1999.

GARTNER GROUP, INC.

By:

Michael D. Fleisher
Executive Vice President and
Chief Financial Officer

BY-LAWS
OF
GARTNER GROUP, INC.
A Delaware Corporation
(as amended through April 14, 2000)

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be located in the City of Dover, County of Kent at such location as the Board of Directors may determine from time to time.

Section 2. Other Offices. The corporation may also have offices at such other places, both within and without the state of Delaware, as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Place and Time of Meetings. An annual meeting of the stockholders shall be held each year at such place as shall be determined by the board of directors of the corporation, for the purpose of electing directors and, conducting such other proper business as may come before the meeting. The date, time and place of the annual meeting shall be determined by the board.

Section 2. Special Meetings. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, as shall be stated in a notice of meeting or in a duly executed waiver of notice thereof. Such meetings may be called at any time by the board of directors or the president. No business may be transacted at any special meeting otherwise than as specified in the notice to stockholders of such meeting.

Section 3. Place of Meetings. The board of directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the corporation.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the board of directors, the president or the secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as

the same appears on the records of the corporation. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Stockholders List. The officer having charge of the stock ledger of the corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the class and number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the question is one upon which by express provisions of an applicable law or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question. Where a separate vote by class is required, the affirmative vote of the majority of shares of such class present in person or represented by proxy at the meeting shall be the act of such class.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware or by the certificate of incorporation of the corporation or any amendments thereto and subject to Section 3 of Article VI hereof, every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of common stock held by

such stockholder. The holders of preferred stock will be entitled to vote as provided by law and by the corporation's certificate of incorporation or any amendments thereto.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally. Any proxy is suspended when the person executing the proxy is present at a meeting of stockholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person executing the proxy. At each meeting of the stockholders, and before any voting commences, all proxies filed at or before the meeting shall be submitted to and examined by the secretary or a person designated by the secretary, and no shares may be represented or voted under a proxy that has been found to be invalid or irregular.

Section 11. Action by Written Consent. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken and bearing the dates of signatures of the stockholders who signed the consent or consents, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the state of Delaware, or the corporation's principal place of business, or an officer or agent of the corporation having custody of the book or books in which proceedings of meetings of the stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. All consents properly delivered in accordance with this section shall be deemed to be recorded when so delivered. No written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation as required by this section, written consents signed by the holders of a sufficient number of shares to take such corporate action are so recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Any action taken pursuant to such written consent or consents of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof.

Section 12. Advance Notice of Stockholder Nominees and Stockholder Business. To be properly brought before an annual meeting or special meeting, nominations for the election of director or other business must be (a) specified in the notice of meeting (or any supplement thereto)

given by or at the direction of the board of directors, (b) otherwise properly brought before the meeting by or at the direction of the board of directors, or (c) otherwise properly brought before the meeting by a stockholder. For such nominations or other business to be considered properly brought before the meeting by a stockholder, such stockholder must have given timely notice and in proper form of his intent to bring such business before such meeting. To be timely, such stockholder's notice must be delivered or mailed to and received by the secretary of the corporation not less than 90 days prior to the meeting; provided, however, that in the event that less than 100 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. To be in proper form, a stockholder's notice to the secretary shall set forth:

(i) the name and address of the stockholder who intends to make the nominations or propose the business, and, as the case may be, the name and address of the person or persons to be nominated or the nature of the business to be proposed;

(ii) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice or introduce the business specified in the notice;

(iii) if applicable, a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

(iv) such other information regarding each nominee or each matter of business to be proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, or the matter been proposed, or intended to be proposed by the board of directors; and

(v) if applicable, the consent of each nominee to serve as director of the corporation if so elected.

The chairman of the meeting may refuse to acknowledge the nomination of any person or the proposal of any business not made in compliance with the foregoing procedure.

ARTICLE III BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by or under the direction of the board of directors.

Section 2. Number, Election and Term of Office. The number of directors which shall constitute the board of directors shall be ten (10). The number of directors may be changed from time to time by resolution of the board of directors or the stockholders, although in no event shall the number of directors be less than five (5) for so long as the Special Voting Rights (as defined in Article IV, Section (2)(d)(i) of the Certificate of Incorporation) shall be in effect. Each director shall be elected by a plurality of the votes of the shares of one or more class or classes or series of stock (as provided in the Certificate of Incorporation), as the case may be, entitled to vote for such director that are present in person or represented by proxy at the annual meeting of stockholders. At each annual meeting of the stockholders, the stockholders shall elect the successors of the class of directors whose terms expire at such meeting, to hold office until their successors are duly elected and qualified at the third annual meeting of stockholders following the year of their election or until their earlier death, resignation or removal as herein or in the Certificate of Incorporation provided. The directors shall be elected in this manner, except as provided in Section 4 of this Article III and the Certificate of Incorporation.

Section 3. Removal and Resignation. Any director or the entire board of directors may be removed at any time, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Whenever the holders of any class or series are entitled to elect one or more directors by the provisions of the corporation's certificate of incorporation, the provisions of this section shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole. Any director may resign at any time upon written notice to the corporation.

Section 4. Vacancies. Vacancies resulting from newly created directorships resulting from an increase in the authorized number of directors and vacancies resulting from the death, resignation or removal of a director elected by (or appointed on behalf of) the holders of one or more class or classes or series of stock (as provided in the Certificate of Incorporation), voting together as a class, as the case may be, shall be filled by the vote of the majority of the directors (or the sole remaining director) elected by (or appointed on behalf of) such holders of one or more class or classes or series of stock (as provided in the Certificate of Incorporation) (or on whose behalf the director was appointed), as the case may be, whose death, resignation or removal created the vacancy, or to which the newly-created directorship has been allocated. Each director so chosen shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as provided herein.

Section 5. Annual Meetings. The annual meeting of the board of directors shall be held without other notice than this by-law immediately after, and at the same place as, the annual meeting of stockholders.

Section 6. Other Meetings and Notice. Regular meetings, other than the annual meeting, of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the board. Special meetings of the board of directors may be called by or at the request of the president or any two directors on at least 48 hours notice to each director, either personally, by telephone, by mail or by telegraph.

Section 7. Quorum, Required Vote and Adjournment. A majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of

directors present at a meeting at which a quorum is present shall be the act of the board of directors. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Committees. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation, which to the extent provided in such resolution or these by-laws shall have and may exercise the powers of the board of directors in the management and affairs of the corporation except as otherwise limited by law. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

Section 9. Committee Rules. Each committee of the board of directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the board of directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. In the event that a member and that member's alternate, if alternates are designated by the board of directors as provided in Section 8 of this Article III, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in place of any such absent or disqualified member.

Section 10. Communications Equipment. Members of the board of directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

Section 11. Waiver of Notice and Presumption of Assent. Any member of the board of directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 12. Action by Written Consent. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 13. Directors Emeritus. The board of directors may, by resolution adopted by a majority of the whole board, appoint a director or former director who has served the corporation with distinction as a Director Emeritus. Such appointment shall be for a term expiring at the next Annual Meeting of Stockholders but shall be subject to renewal, by the same vote, at the meeting of the Board immediately following the Annual Meeting. A Director Emeritus shall not be considered a member of the board of directors, but shall be a consultant to the board and, in such capacity, shall be invited to attend all meetings of the board and such meetings of the committees of the board as the chairman of the board or the president shall determine to be appropriate. For his or her services, a Director Emeritus shall be entitled to receive the same compensation for meetings actually attended as members of the board of directors, but shall not be entitled to receive any annual or other periodic fee or retainer paid to members of the Board.

ARTICLE IV
OFFICERS

Section 1. Number. The officers of the corporation shall be elected by the board of directors and shall consist of a president, one or more vice-presidents, a secretary, a treasurer, and such other officers and assistant officers as may be deemed necessary or desirable by the board of directors. Any number of offices may be held by the same person. In its discretion, the board of directors may choose not to fill any office for any period as it may deem advisable, except that the offices of president and secretary shall be filled as expeditiously as possible.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the board of directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the board of directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term by the board of directors then in office.

Section 5. Compensation. Compensation of all officers shall be fixed by the board of directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the corporation.

Section 6. The President. The president shall be the chief executive officer of the corporation; shall preside at all meetings of the stockholders and board of directors at which he or she is present subject to the powers of the board of directors, shall have general charge of the business, affairs and property of the corporation, and control over its officers, agents and employees; and shall see that all orders and resolutions of the board of directors are carried into effect. The president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. The president shall have such other powers and perform such other duties as may be prescribed by the board of directors or as may be provided in these by-laws.

Section 7. Vice-presidents. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the

president, act with all of the powers and be subject to all the restrictions of the president. The vice-presidents shall also perform such other duties and have such other powers as the board of directors, the president or these by-laws may, from time to time, prescribe.

Section 8. The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the board of directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose. Under the president's supervision, the secretary shall give, or cause to be given, all notices required to be given by these by-laws or by law; shall have such powers and perform such duties as the board of directors, the president or these by-laws may, from time to time, prescribe; and shall have custody of the corporate seal of the corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors, the president or secretary may, from time to time, prescribe.

Section 9. The Treasurer and Assistant Treasurer. The treasurer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation; shall deposit all monies and other valuable effects in the name and to the credit of the corporation as may be ordered by the board of directors; shall cause the funds of the corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the president and the board of directors, at its regular meeting or when the board of directors so requires, an account of the corporation; shall have such powers and perform such duties as the board of directors, the president or these by-laws may, from time to time, prescribe. If required by the board of directors, the treasurer shall give the corporation a bond (which shall be rendered every six years) in such sums and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of the office of treasurer and for the restoration to the corporation, in case of death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in the possession or under the control of the treasurer belonging to the corporation. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall in the absence or disability of the treasurer perform the duties and exercise the powers of the treasurer. The assistant treasurers shall perform such other duties and have such other powers as the board of directors, the president or treasurer may, from time to time, prescribe.

Section 10. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these by-laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the board of directors.

Section 11. Absence or Disability of Officers. In the case of the absence or disability of any officer of the corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the board of directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person whom it may select.

ARTICLE IV-A APPOINTED OFFICERS

Section 1. Appointment of Officers. The Board of Directors may employ the President or Chairman of the board to appoint such other vice presidents and other officers as the business of Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the bylaws or as the Board of Directors may from time to time determine (or, in the absence of such determination by the Board of Directors, as the President or Chairman of the Board from time to time determine).

Section 2. Removal. Any officer appointed in accordance with the provisions of Section 1 may be removed by the Board of Directors or by the President or Chairman of the Board (if appointed by such person) whenever in his or her judgment the best interest of the Corporation would be served thereby, provided that such removal shall be without prejudice to the contract rights, if any of the persons so removed.

Section 3. Appointment Officers and Deemed Elected Officers. Officers appointed pursuant to Section 1 hereof shall not be deemed to be elected officers of the Corporation, and in particular but without limitation shall not be deemed to be executive officers of the corporation for the purposes of the Securities Exchange Act of 1934, as amended, or any successor statute.

ARTICLE V INDEMNIFICATION OF OFFICERS, DIRECTORS AND OTHERS

Section 1. Nature of Indemnity. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the corporation to the fullest extent which it is empowered to do so unless prohibited from doing so by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment) against all expense, liability and loss including attorneys' fees actually and reasonably incurred by such person in connection with such

proceeding, and such indemnification shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in Section 2 hereof, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the board of directors of the corporation. The right to indemnification conferred in this Article V shall be a contract right and, subject to sections 2 and 5 hereof, shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition. The corporation may, by action of its board of directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

Section 2. Procedure for Indemnification of Directors and Officers. Any indemnification of a director or officer of the corporation under Section 1 of this Article V or advance of expenses under Section 5 of this Article V shall be made promptly, and in any event within 30 days, upon the written request of the director or officer. If a determination by the corporation that the director or officer is entitled to indemnification pursuant to this Article V is required, and the corporation fails to respond within 60 days to a written request for indemnity, the corporation shall be deemed to have approved the request. If the corporation denies a written request for indemnification or advancing of expenses, in whole or in part, or if payment in full pursuant to such request is not made within 60 days, the right to indemnification or advances as granted by this Article V shall be enforceable by the director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware for the corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Article Not Exclusive. The rights to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Insurance. The corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a director, officer, employee, fiduciary, or agent of

the corporation or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, whether or not the corporation would have the power to indemnify such person against such liability under this Article V.

Section 5. Expenses. Expenses incurred by any person described in Section 1 of this Article V in defending a proceeding shall be paid by the corporation in advance of such proceeding's final disposition unless otherwise determined by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Section 6. Employees and Agents. Persons who are not covered by the foregoing provisions of this Article V and who are or were employees or agents of the corporation, or who are or were serving at the request of the corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the board of directors.

Section 7. Contract Rights. The provisions of this Article V shall be deemed to be a contract right between the corporation and each director or officer who serves in any such capacity at any time while this Article V and the relevant provisions of the General Corporation Law of the State of Delaware or other applicable law are in effect, and any repeal or modification of this Article V or any such law shall not affect any rights or obligations then existing with respect to any state of facts or proceeding then existing.

Section 8. Merger or Consolidation. For purposes of this Article V, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article V with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VI CERTIFICATES OF STOCK

Section 1. Form. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the president or a vice-president and the secretary or an assistant secretary of the corporation, certifying the number of shares owned by such

holder in the corporation. If such a certificate is countersigned (1) by a transfer agent or an assistant transfer agent other than the corporation or its employee or (2) by a registrar, other than the corporation or its employee, the signature of any such president, vice-president, secretary, or assistant secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the corporation. Shares of stock of the corporation shall only be transferred on the books of the corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization, and other matters as the corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books. The board of directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the corporation.

Section 2. Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against the corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders

shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Action by Written Consent. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date has been fixed by the board of directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by statute, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by statute, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

Section 5. Fixing a Record Date for Other Purposes. In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

Section 6. Registered Stockholders. Prior to the surrender to the corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner. The corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

Section 7. Subscriptions for Stock. Unless otherwise provided for in the subscription agreement, subscriptions for shares shall be paid in full at such time, or in such installments and at such times, as shall be determined by the board of directors. Any call made by the board of directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series. In case of default in the payment of any installment or call when such payment is

due, the corporation may proceed to collect the amount due in the same manner as any debt due the corporation.

ARTICLE VII GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or any other purpose, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts, or other orders for the payment of money by or to the corporation and all notes and other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner, as shall be determined by resolution of the board of directors or a duly authorized committee thereof.

Section 3. Contracts. The board of directors may authorize any officer or officers, or any agent or agents, of the corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the directors such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest and may be unsecured or secured in such manner as the board of directors shall approve, including without limitation a pledge of shares of stock of the corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

Section 6. Corporate Seal. The board of directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words

"Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Voting Securities Owned by Corporation. Voting securities in any other corporation held by the corporation shall be voted by the president, unless the board of directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean any purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in the State of Delaware or at its principal place of business.

Section 9. Section Headings. Section headings in these by-laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these by-laws is or becomes inconsistent with any provision of the certificate of incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these by-laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VIII AMENDMENTS

These by-laws may be amended, altered, or repealed and new by-laws adopted at any meeting of the board of directors by a majority vote. The fact that the power to adopt, amend, alter, or repeal the by-laws has been conferred upon the board of directors shall not divest the stockholders of the same powers.

GARTNER GROUP, INC.

1993 DIRECTOR STOCK OPTION PLAN

(As amended through April 14, 2000)

1. Purpose of the Plan. The purpose of this 1993 Director Stock Option Plan is to attract and retain highly qualified personnel to serve as Outside Directors of the Company.

All options granted hereunder shall be "non-statutory stock options". In addition, Common Stock Equivalents may be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Board" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as

amended.

(c) "Common Stock" means the Common Stock of the Company.

(d) "Common Stock Equivalent" means an unfunded and unsecured right to receive Shares in the future that may be granted to an Outside Director pursuant to Section 5.

(e) "Company" means Gartner Group, Inc., a Delaware

corporation.

(f) "Continuous Status as a Director" means the absence of any interruption or termination of service as a Director.

(g) "Director" means a member of the Board and, except for the purposes of determining the eligibility for grants of options, shall also mean any person appointed as a Director Emeritus in accordance with the Company's Bylaws.

(h) "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company, who is not a beneficial owner of or representative of a beneficial owner of more than 5% of the Corporation's outstanding stock. The payment of a Director's fee by the Company shall not be sufficient in and of itself to constitute "employment" by the Company.

(i) "Exchange Act" means the Securities Exchange Act of 1934,

as amended.

(j) "Fair Market Value" means, as of any date, the value of

Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation ("NASDAQ") System, the Fair Market Value of a Share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such system or exchange (or the exchange with the greatest volume of trading in Common Stock) on the date of determination, or, if not a market trading day, on the last market trading day prior to the date of determination, as reported in The Wall Street Journal or such other source as the Board deems reliable;

(ii) If the Common Stock is quoted on the NASDAQ System (but not on the National Market System thereof) or regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination, as reported in The Wall Street Journal or such other source as the Board deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(k) "Option" means a stock option granted pursuant to the Plan.

(l) "Optioned Stock" means the Common Stock subject to an Option.

(m) "Optionee" means an Outside Director who receives an Option.

(n) "Outside Director" means a Director who is not an Employee.

(o) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(p) "Plan" means this 1993 Director Stock Option Plan.

(q) "Quarterly Compensation" means the retainer fee and committee fees, as applicable, that an Outside Director receives from the Company for each of the Company's fiscal quarters.

(r) "Share" means a share of the Common Stock, as adjusted in accordance with Section 10 of the Plan.

(s) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 10 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 1,200,000 Shares (the "Pool") of Common Stock. The Shares may be authorized but unissued, or reacquired Common Stock.

If an Option should expire or become unexercisable for any reason without having been exercised in full, the unpurchased Shares, which were subject thereto, shall, unless the Plan shall have been terminated, become available for future grant under the Plan.

4. Administration of and Grants of Options under the Plan.

(a) Administrator. Except as otherwise required herein, the Plan shall be administered by the Board.

(b) Procedure for Grants. The provisions set forth in this Section 4(b) shall not be amended more than once every six months, other than to comply with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder. All grants of Options hereunder shall be automatic and non-discretionary and shall be made strictly in accordance with the following provisions:

(i) No person shall have any discretion to select which Outside Directors shall be granted Options or to determine the number of Shares to be covered by Options granted to Outside Directors.

(ii) Each new Outside Director who shall first join the Board on or after February 1, 1993, shall automatically be granted an Option to purchase 15,000 Shares upon the date on which such person first becomes an Outside Director, whether through election by the stockholders of the Company, appointment by the Board to fill a vacancy, or termination of employment by the Company while remaining as a Director (a "One-Time Grant"). In addition, on March 1, 1994, and on each March 1 thereafter until March 1, 1998, during the term of this Plan, each Outside Director who shall have been an Outside Director for at least six (6) months as of such date shall automatically receive an Option to purchase 3,000 Shares, and on March 1, 1999, and on each March 1 thereafter during the term of this Plan, each Outside Director who shall have been an Outside Director for at least six (6) months as of such date shall automatically receive an Option to purchase 7,000 Shares (an "Annual Grant"). Notwithstanding any other provision in the Plan, the amount of the Annual Grant and the One-Time Grant shall not be adjusted in the event of any stock split, reverse stock split, recapitalization or other change in the capitalization of the Company, unless otherwise specifically provided by the Board.

(iiii) The terms of each Option granted hereunder shall be as follows:

(A) the term of the Option shall be five (5) years;

(B) the Option shall be exercisable only while the Outside Director remains a Director of the Company, except as set forth in Section 8 hereof;

(C) the exercise price per Share shall be 100% of the Fair Market Value per Share on the date of grant of the Option;

(D) each Annual Grant and One-Time Grant shall become exercisable in installments cumulatively as to one-third of the Optioned Stock on each anniversary of the date of grant, so that 100% of the Optioned Stock granted under any such grant shall be exercisable in full three (3) years after the date of grant of the Option, assuming in each case Continuous Status as a Director.

(iv) In the event that any Option granted under the Plan would cause the number of Shares subject to outstanding Options plus the number of Shares previously purchased upon exercise of Options to exceed the Pool, then each such automatic grant shall be for that number of Shares determined by dividing the total number of Shares remaining available for grant by the number of Outside Directors entitled to receive Options on the grant date. No further grants shall be made until such time, if any, as additional Shares become available for grant under the Plan through action of the shareholders to increase the number of Shares which may be issued under the Plan or through cancellation or expiration of Options previously granted hereunder.

(c) Powers of the Board. Subject to the provisions and restrictions of the Plan, the Board shall have the authority, in its discretion: (i) to determine, upon review of relevant information and in accordance with Section 2(i) of the Plan, the Fair Market Value of the Common Stock; (ii) to interpret the Plan; (iii) to prescribe, amend and rescind rules and regulations relating to the Plan; (iv) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option or Common Stock Equivalent previously granted hereunder; and (v) to make all other determinations deemed necessary or advisable for the administration of the Plan.

(d) Effect of Board's Decision. All decision determinations and interpretations of the Board shall be final.

5. Common Stock Equivalents.

(a) Award of Common Stock Equivalents. On the first business day of each of the Company's fiscal quarters during the term of this Plan (beginning on April 1, 1999), the Company shall grant to each Outside Director that number of Common Stock Equivalents equal in value to the Outside Director's Quarterly Compensation for such quarter divided by the Fair Market Value of the Common Stock on such day. Commencing with the January 2000 payment, each Outside Director

may elect to receive up to 50% of his or her compensation in cash and the balance in Common Stock Equivalents. The Common Stock Equivalents granted to each Outside Director shall be calculated based upon the percentage of compensation such director is receiving in Common Stock Equivalents.

(b) Bookkeeping Account; Nontransferability. The number of Common Stock Equivalents awarded pursuant to Section 5(a) to each Outside Director shall be credited to a bookkeeping account established in the name of the Outside Director. The Company's obligation with respect to such Common Stock Equivalents shall not be funded or secured in any manner. An Outside Director's right to receive Common Stock Equivalents may not be assigned or transferred, voluntarily or involuntarily, except as expressly provided herein.

(c) Dividends. If the Company pays a cash dividend with respect to the Shares at any time while Common Stock Equivalents are credited to an Outside Director's account, there shall be credited to the Outside Director's account additional Common Stock Equivalents equal to (i) the dollar amount of the cash dividend the Outside Director would have received had he or she been the actual owner of the Shares to which the Common Stock Equivalents then credited to the Outside Director's account relate, divided by (ii) the Fair Market Value of one Share on the dividend payment date.

(d) Conversion. As soon as practicable following the date on which an Outside Director's Continuous Status as a Director terminates for any reason, or as otherwise provided herein, the Company shall deliver to the Outside Director (or his or her designated beneficiary or estate) a number of Shares equal to the whole number of Common Stock Equivalents then credited to the Outside Director's account, or at the Company's option, shall have the Shares credited to an account for the Director with a brokerage firm of the Company's choosing.

(e) Stockholder Rights. An Outside Director (or his or her designated beneficiary or estate) shall not be entitled to any voting or other stockholder rights as a result of the credit of Common Stock Equivalents to the Outside Director's account, until certificates representing Shares are delivered to the Outside Director (or his or her designated beneficiary or estate) until conversion of the Outside Director's Common Stock Equivalents to Shares pursuant to Section 5(d).

6. Eligibility. Options and Common Stock Equivalents may be granted only to Outside Directors. All Options shall be granted automatically in accordance with the terms set forth in Section 4(b) hereof. All Common Stock Equivalents shall be granted automatically in accordance with the terms set forth in Section 5 hereof. An Outside Director who has been granted an Option may, if he or she is otherwise eligible, be granted an additional Option or Options in accordance with such provisions.

The Plan shall not confer upon any Optionee any right with respect to continuation of service as a Director or nomination to serve as a Director, nor shall it interfere in any way with any rights which the Director or the Company may have to terminate his or her directorship at any time.

7. Term of Plan. The Plan shall become effective upon the earlier to occur of its

adoption by the Board or its approval by the stockholders of the Company as described in Section 16 of the Plan. It shall continue in effect until March 31, 2003, unless sooner terminated under Section 12 of the Plan.

8. Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Board and may consist entirely of (i) cash, (ii) check, (iii) promissory note, (iv) other shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised and which, in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than 12 months on the date of surrender, (v) delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price, (vi) delivery of an irrevocable subscription agreement for the Shares which irrevocably obligates the Optionee to take and pay for the Shares not more than 12 months after the date of delivery of the subscription agreement, (vii) any combination of the foregoing methods of payment, or (viii) such other consideration and method of payment for the issuance of Shares to the extent permitted under applicable law.

9. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable at such times as are set forth in Section 4(b) hereof; provided, however, that no Options shall be exercisable until stockholder approval of the Plan in accordance with Section 17 hereof has been obtained.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may consist of any consideration and method of payment allowable under the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. A share certificate for the number of Shares so acquired shall be issued to the Optionee as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 11 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares, which thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Continuous Status as a Director. In the event an Optionee's Continuous Status as a Director terminates (other than upon the Optionee's death or total and permanent disability (as defined in Section 22(e)(3) of the Code)), the Optionee may exercise his or her Option, but only within 90 days from the date of such termination, and only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of its five-year term). To the extent that the Optionee was not entitled to exercise an Option at the date of such termination, and to the extent that the Optionee does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

(c) Disability of Optionee. In the event Optionee's Continuous Status as a Director terminates as a result of total and permanent disability (as defined in Section 22(e)(3) of the Code), the Optionee may exercise his or her Option, but only within six months from the date of such termination, and only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of its five-year term). To the extent that the Optionee was not entitled to exercise an Option at the date of termination, or if he or she does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

(d) Death of Optionee. In the event of an Optionee's death while a Director, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance may exercise the Option, but only within one year following the date of death, and only to the extent that the Optionee was entitled to exercise it at the date of death (but in no event later than the expiration of its five-year term). To the extent that the Optionee was not entitled to exercise an Option at the date of death, and to the extent that the Optionee's estate or a person who acquired the right to exercise such Option does not exercise such Option (to the extent otherwise so entitled) within the time specified herein, the Option shall terminate.

10. Non-Transferability of Options. The Option and Common Stock Equivalents may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will, by the laws of descent or distribution or pursuant to a qualified domestic relations order, and may be exercised, during the lifetime of the Optionee, only by the Optionee or a permitted transferee.

11. Adjustments.

(a) Changes in Capitalization. In the event that the stock of the Company is changed by reason of any stock split, reverse stock split, recapitalization, or other change in the capital structure of the Company, or converted into or exchanged for other securities as a result of any merger, consolidation or reorganization, or in the event that the outstanding number of shares of stock of the Company is increased through payment of a stock dividend, appropriate proportionate adjustments shall be made in the number and class of shares of stock subject to the Plan, the number and class of shares subject to any Option and Common Stock Equivalent outstanding under the Plan, the number of Common Stock Equivalents credited to an Outside Director's account under Section 5(b) and the exercise price of any such outstanding Option; provided, however, that the

Company shall not be required to issue fractional shares as a result of any such adjustment. Any such adjustment shall be made upon approval by the Board, whose determination shall be conclusive. If there is any other change in the number or type of the outstanding shares of stock of the Company, or of any other security into which such stock shall have been changed or for which it shall have been exchanged, and if the Board in its sole discretion determines that such change equitably requires an adjustment in the Options then outstanding under the Plan, such adjustment shall be made in accordance with the determination of the Board. No adjustments shall be required by reason of the issuance or sale by the Company for cash or other consideration of additional shares of its stock or securities convertible into or exchangeable for shares of its stock.

(b) Change in Control. In the event of a "Change in Control" of the Company, as defined in paragraph (c) below, then the following provisions shall apply:

(i) Any Option outstanding on the date of such Change in Control ("Outstanding Option") that is not yet exercisable and vested on such date shall become fully exercisable and vested;

(ii) Each Outstanding Option shall be assumed by the successor corporation (if any) or by a Parent or Subsidiary of the successor corporation (if any);

(iii) Each Outstanding Option shall remain exercisable by the Optionee for a period of at least ninety (90) days from the date of the Change in Control;

(iv) Each Optionee with an Outstanding Option shall be provided with written notice of the period of exercisability provided for in subsection (b)(iii) above promptly after the date of the Change in Control by the Company or by the entity surviving after the Change in Control.

(v) Each outstanding Common Stock Equivalent shall convert into Shares (as provided in Section 5(d)) immediately prior to the Change in Control.

(c) Definition of "Change in Control". For purposes of this Section, a "Change in Control" means the happening of any of the following:

(i) when any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, a Subsidiary or a Company employee benefit plan, including any trustee of such plan acting as trustee) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty (50%) of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; or

(ii) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iii) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all the Company's assets; or

(iv) a change in the composition of the Board occurring as a result of any one meeting of the stockholders of the Company, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either are (A) directors of the Company as of the date the Plan is approved by the stockholders, or (B) elected, or nominated for election, to the Board of Directors of the Company with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

12. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or discontinue the Plan, but no amendment, alteration, suspension or discontinuation shall be made which would impair the rights of any Optionee under any grant theretofore made, without his or her consent. In addition, to the extent necessary and desirable to comply with Rule 16b-3 under the Exchange Act (or any other applicable law or regulation), the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) Effect of Amendment or Termination. Any such amendment or termination of the Plan shall not affect Options already granted and such Options shall remain in full force and effect as if this Plan had not been amended or terminated.

13. Time of Granting Options. The date of grant of an Option shall, for all purposes, be the date determined in accordance with Section 4(b) hereof. Notice of the determination shall be given to each Outside Director to whom an Option is so granted within a reasonable time after the date of such grant.

14. Conditions Upon Issuance of Shares. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, state securities laws and the requirements of any stock exchange or market system upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

Inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

16. Option Agreement. Options shall be evidenced by written option agreements in such form, as the Board shall approve.

17. Stockholder Approval. Continuance of the Plan shall be subject to approval by the stockholders of the Company at or prior to the first annual meeting of stockholders held subsequent to the first granting of an Option hereunder. Such stockholder approval shall be obtained in the degree and manner required under applicable state and federal law.

This Addendum No. 1 (the "Addendum") is entered into as of April 14, 2000, by and between Manuel A. Fernandez, an individual ("Executive") and Gartner Group, Inc. a Delaware corporation (the "Company").

RECITALS

A. Executive and the Company are parties to an Employment Agreement dated as of November 12, 1998 (the "Employment Agreement"), which provides for Executive to serve as Chairman of the Board through October 1, 2000 (the "Employment Term").

B. The Company and Executive desire to provide for Executive's continuing service to the Company following the Employment Term, upon and subject to the terms and conditions set forth herein.

AGREEMENT

THEREFORE, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Continuation of Agreement. Following the Employment Term, Executive shall continue to serve as Chairman of the Board through the Extended Term specified in Section 3. Executive will report to the Board of Directors and will render such services consistent with such role as the Executive and the Board of Directors may agree from time to time.

2. Board of Directors. During the Extended Term, the Company shall include Executive on the Company's slate of nominees to be elected to the Board of Directors of the Company at each annual meeting of stockholders of the Company, shall use its best efforts to cause Executive to be elected to the Board of Directors at such meetings, and if elected shall use its best efforts to cause Executive to continue to serve on the Board of Directors until Executive's successor is duly elected and qualified. Upon termination of the Extended Term for any reason, Executive shall promptly resign as director of the Company.

3. Term.

(a) Extended Term. Following the Employment Term, and without further action by the Company or Executive, Executive shall continue service as Chairman of the Board. The service of Executive as Chairman of the Board pursuant to this Addendum shall continue through October 1, 2001 (the "Extended Term"), unless extended or earlier terminated as provided in this Addendum.

(b) Further Extensions. The Extended Term may be further extended upon mutual agreement of Executive and the Company for additional one-year periods. Any such extension shall be on the terms and conditions set forth in the Employment Agreement, as

modified by this Addendum, except that the Extension Compensation (as defined in Section 4) for each extension period shall be \$16,666.67 per month and the target bonus shall be \$100,000 and except that the Change in Control payments described in Section 8(d)(B) hereof equal to three (3) times certain amounts shall not be available to Executive.

4. Compensation.

(a) Extension Compensation. As compensation for the services rendered by Executive under this Addendum, the Company shall pay to Executive continued salary of \$33,333 per month ("Extension Compensation") during the Extended Term.

(b) Option Exercise. All options and other exercisable rights held by Executive, other than those options and rights which have an exercise price less than the current fair market value of the securities for which they are exercisable on the date of this Agreement, shall remain exercisable for the longest period available for a continuing employee under the applicable plan or agreement, regardless of whether or not Executive remains employed by the Company. The Company represents that it has obtained all necessary approvals of the Committee under the applicable stock option or rights plan to the extent required to enforce this paragraph.

5. Bonus. In addition to his Extension Compensation, Executive shall be entitled during the Extended Term to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board of Directors or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable at the same time and in the same proportion as bonus may be payable to the President and Chief Executive Officer of the Company. Executive's target bonus for the fiscal year ending September 30, 2000 has previously been set at \$400,000, with a maximum bonus of \$800,000. Executive's target bonus for the fiscal year ending September 30, 2001 shall be \$400,000, with a maximum bonus of \$800,000. By way of example, if the President were awarded a 100% bonus for the 2000 fiscal year, then Executive shall receive a 100% bonus, or \$400,000. If the President were awarded a 200% bonus for the 2000 fiscal year, then Executive shall receive a 200% bonus, or \$800,000. This method of calculating Executive's bonus shall apply to the bonus payable to Executive during the Employment Term under the Employment Agreement as well as to the bonus payable to Executive during the Extended Term.

6. Executive Benefits.

(a) Employee and Executive Benefits. Executive will be entitled during the Extended Term to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, as well as Executive's auto benefit program (with the full cost of operation not to exceed \$15,000 per year) so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

(b) Vacation, Sick Leave, Sabbaticals and Holidays. Executive shall be entitled during the Extended Term to vacation, sick leave, sabbatical leave and vacation in

accordance with the policies of Gartner and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive six (6) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

(c) Office Support, Administrator. Executive shall be entitled to an office in Fort Myers, Florida, comparable to his office on the date of this Addendum, the services of a full-time administrative assistant, and support services customary for a person of Executive's position, all at Company expense, during the Employment Term and Extended Term.

(d) Benefits as Director. Executive shall receive the benefits granted to outside directors, other than additional monetary compensation and stock options, for so long as he remains on the Board of Directors of the Company.

7. Stock Options. The Company shall, promptly following the execution and delivery of this Agreement, grant the Executive a non-qualified stock option to purchase up to 100,000 shares of the Company's Class A Common Stock with an exercise price equal to the fair market value of the Company's Class A Common Stock on the date of issuance, as determined by the Compensation Committee. Such option shall vest one quarter on the first anniversary of the date of this Addendum and the balance in equal amounts on a monthly basis for the next 36 months following such first anniversary. Such option shall be subject to the other terms and conditions adopted by the Company for its executive stock options, and if the Company has multiple plans, then the terms and conditions set forth in the plan under which the President has received options in 1999; provided, however, that whether or not the same is the practice for the Company in granting executive stock options, the options granted pursuant to this Section 7 shall remain exercisable for the maximum permitted time period (but not to exceed ten (10) years in any event), regardless of whether or not Executive continues to provide services to the Company hereunder and regardless of the reason for any termination of Executive's engagement.

8. Severance Benefits. Executive shall be entitled during the Extended Term to the severance benefits set forth in this Section 8.

(a) Salary Continuation. If the Company terminates the services of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, or Executive shall become unable to perform his duties as a result of incapacity, which gives rise to termination of employment for Disability, or Executive voluntarily terminates his employment or resigns as Chairman of the Board, or Executive's employment is terminated because of death, then in any such case (other than following a Change in Control or in contemplation of a pending Change in Control, which are governed by Section 8(d) below), Executive shall be entitled to receive (A) Extended Compensation through October 1, 2001, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) on the Termination Date, 100% of Executive's target bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), and (C) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, a pro rata share (based on the proportion of the fiscal year during which Executive provided services to the Company) of the bonus that would have been payable to Executive under Section 5 in excess of 100% of Executive's target bonus for the fiscal year.

(b) Continuation of Benefits. Executive shall be entitled to continuation of (i) group health benefits and life and disability pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at Company's election) for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full-time student) and (ii) life and disability insurance coverage pursuant to the Company's programs as in effect for Executive on the date of this Addendum (or continuation by the Company of substantially similar life and disability insurance coverage, at Company's election), in each instance until such time as Executive reaches or would have reached the age of 65. This provision shall apply regardless of the reason for termination or resignation and shall further apply if the Employment Agreement or this Addendum expires by its terms.

(c) Stock Options and Related Rights. If the Company terminates the services of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, or Executive shall become unable to perform his duties as a result of incapacity, which gives rise to termination of employment for Disability, or Executive voluntarily terminates his employment or resigns as Chairman of the Board, or Executive's employment is terminated because of death, then in any such case (other than following a Change in Control or in contemplation of a pending Change in Control, which are governed by Section 8(d) below), Executive shall be entitled to receive acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all options and other exercisable rights held by executive shall remain exercisable for the period specified in Section 4(b) of this Addendum).

(d) Change in Control. If a Change in Control occurs, whether during the Employment Term or the Extended Term, then in lieu of the benefits set forth in Section 7(c) of the Employment Agreement, Executive shall be entitled to receive (A) salary or Extension Compensation, as the case may be, and vacation and sabbaticals accrued through the Termination Date (B) an amount equal to three (3) times the greater of (i) Executive's average annual compensation (salary or Extension Compensation plus bonus) for those three of the last seven fiscal years in which such compensation was highest or (ii) \$800,000, whichever is greater, payable immediately upon the Change in Control, (C) any unpaid bonus from the prior fiscal year, payable immediately upon the Change in Control, (D) acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all options, TARP's, restricted stock and other exercisable rights held by Executive shall remain exercisable for the longest period available for a continuing employee under the applicable plan or agreement, regardless of the reasons for termination, (E) continuation of (i) group health benefits and life and disability pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at Company's election) for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full-time student) and (ii) life and disability insurance coverage pursuant to the Company's programs as in effect for Executive on the date of this Addendum (or continuation by the Company of substantially similar life and disability insurance coverage, at Company's election), in each instance until such time as Executive reaches or would have reached the age of 65, (F) continuation of Executive's auto benefits for one year following the Termination Date, (G) forgiveness by the Company of all outstanding principal and interest

due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (H) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 12 of the Employment Agreement during the five (5) year period following the Termination Date, Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (B) hereof, to the extent the same correspond to any period following the Termination Date during which the non-competition agreement is violated.

(e) Other Benefits. If the Company terminates the services of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, or Executive shall become unable to perform his duties as a result of incapacity, which gives rise to termination of employment for Disability, or Executive voluntarily terminates his employment or resigns as Chairman of the Board, then in any such case, Executive shall be entitled to receive continuation of Executive's auto benefits for one year following the Termination Date,

(f) Gross-Up Payment. If any payment or distribution by the Company or any of its affiliates to or for the benefit of Executive, whether paid or distributed pursuant to the terms of the Employment Agreement, this Addendum or otherwise pursuant to or by reason of any plan or agreement referenced herein or any other agreement, policy, plan, program or arrangement, including without limitation any stock option, TARP, restricted stock or similar right, or the lapse or termination of any restriction on, or the vesting or exercisability of, any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor provision thereto) by reason of being considered "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment or payments (collectively, a "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that, after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

(g) Retention of Equipment. Executive shall be entitled upon termination for any reason or for no reason to retain for his personal use and benefit his office furnishings and equipment, including without limitation cellular phones, computers, printers, copier and similar equipment. The Company shall assign and transfer ownership of the foregoing to Executive upon termination without further payment by Executive to the Company.

(h) Support Services. Executive shall be entitled to continuation of use of technical office support services, including without limitation voice mail, e-mail, internet access services and other connectivity services, until such time as Executive reaches age 65.

(i) General. Upon the death or disability of the Executive prior to age 65, benefits provided in Section 8(b) and 8(d)(E) hereunder for the benefit of Executive, his spouse

and his children shall continue to be provided for the benefit of his spouse and his children (within the applicable age limits) until such time as Executive would have reached age 65.

9. Termination Date. The definition of "Termination Date" in Section 8 of the Employment Agreement is hereby modified to mean (i) if the Employment Agreement is terminated on account of death, the date of death; (ii) if the Employment Agreement is terminated for disability, the date specified in Section 8(b) of the Employment Agreement; (iii) if the Employment Agreement is terminated by the Company, whether during the Employment Term or the Extended Term, the date on which a notice of termination is given to Executive; (iv) if the Employment Agreement is terminated by Executive, whether during the Employment Term or the Extended Term, the date on which Executive delivers the notice of termination to the Company; or (v) if the Employment Agreement expires by its terms, then the last day of the Extended Term.

10. Constructive Termination. In addition to the actions deemed to constitute "Constructive Termination" under the Employment Agreement, "Constructive Termination" shall be deemed to occur if (i) Executive shall no longer be Chairman of the Board of the Company (other than at the end of the Extended Term) or (ii) there is a reduction of Executive's Extension Compensation and within the thirty (30) day period immediately following such change or reduction Executive elects to terminate his consulting arrangement voluntarily.

11. Annuity Payment. Upon the termination of the Employment Agreement, regardless of the reason therefor and regardless of whether prior to or upon its expiration by its terms, the Company shall continue to make payments to Executive of \$200,000 per year for 10 years. Executive shall make himself available to the Company to provide advice and guidance on a limited basis, as the Company may reasonably request, with respect to the business of the Company during such 10-year period, provided that such advice and guidance may be rendered by telephone and at such times during normal business hours as may be convenient to Executive in light of his schedule and other commitments. The Company shall make such payments in equal monthly installments, on the first day of each month, commencing with the month following the last day of the Extended Term. In the event of the Executive's death prior to the end of such 10-year period, including during the Employment Term or Extended Term, the balance of payments under this Section shall be payable to his estate. Upon any Change in Control, the Company shall at its expense purchase an annuity for the benefit of Executive or his estate, as the case may be, with an annuity company reasonably satisfactory to Executive. Such annuity shall provide Executive or his estate, as the case may be, with the balance of payments otherwise due under this Section, when and as due. Payment of such amounts pursuant to the annuity shall excuse the Company from its obligations under this Section.

12. Non-Competition Agreement. The Non-Competition Agreement set forth in Section 12 of the Employment Agreement is hereby modified as follows:

(a) Term. References to three (3) years shall be deemed extended to five (5) years.

(b) Employees. The restriction in Section 12(b)(2) on hiring another entity or person who was an employee of the Company or any subsidiary at any time during the Employment Period shall be limited to current employees of the Company at the time of hiring.

(c) Venture Funds. Nothing in Section 12 shall preclude or limit Executive's ability to invest, manage or otherwise participate in SI Ventures Affiliates Fund, L.P., SI Fund I, L.L.C., SI Services Company, L.L.C., SI Venture Management I, L.L.C. or any similar venture capital fund, management company, service company or similar company that invests generally in information technologies businesses.

13. Survival of Employment Agreement. As modified by this Addendum, the Employment Agreement shall remain in full force and effect. References herein to the "Employment Agreement" shall mean the Employment Agreement as modified by this Addendum, except as the context otherwise requires. Those provisions that by their terms apply to periods following the Employment Term or the Extended Term shall survive the termination of the Employment Agreement.

14. Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

15. Capitalized Terms. Capitalized terms used without definition in this Addendum shall have the meanings ascribed to them in the Employment Agreement.

IN WITNESS WHEREOF, each of the parties has executed this Addendum, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____

William O. Grabe, Chairman,
Compensation Committee

By: _____

Kenneth Siegel
General Counsel

EXECUTIVE

Manuel A. Fernandez

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into on July 1, 2000, between Regina M. Paolillo, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

RECITALS

- A. Executive currently serves as the Executive Vice President, Chief Financial Officer of the Company.
- B. The Company and Executive desire to provide for Executive's continued employment by the Company upon the terms and conditions set forth herein.

AGREEMENT

THEREFORE, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment. Executive will serve as Executive Vice President, Chief Financial Officer of the Company for the Employment Term specified in Section 2 below. Executive will report solely to the Chief Executive Officer of the Company and will render such services consistent with the foregoing role as the Chief Executive Officer or Board of Directors may from time to time direct. Executive's office shall be located at the executive offices of the Company in Stamford, Connecticut. Executive may (i) serve on corporate, civic or charitable boards or committees and (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, to the extent consistent with the Company's policies (as applicable) or disclosed to the Chief Executive Officer and that the Chief Executive Officer determines in good faith do not interfere with the performance of Executive's responsibilities hereunder.

2. Term. The employment of Executive pursuant to this Agreement shall continue through September 30, 2003 (the "Employment Term"), unless extended or earlier terminated as provided in this Agreement. The Employment Term shall automatically be extended for additional one-year periods commencing on October 1, 2003 and continuing each year thereafter, unless either Executive or the Company gives the other written notice, in accordance with Section 12(a) and at least 90 days prior to the then scheduled expiration of the Employment Term, of such party's intention not to extend the Employment Term.

3. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary initially equal to \$29,167 per month ("Base Salary") for the balance of fiscal year 2000 and for fiscal 2001, payable to Executive in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to adjustment by the Board of Directors of the Company or the Compensation Committee of the Board of Directors, in the sole discretion of the Board or such Committee, on an annual basis; provided, however, that Executive's salary may not be decreased other than any such reduction consistent with a general reduction of pay across the

executive staff as a group as an economic or strategic measure due to poor financial performance by the Company.

4. Bonus. In addition to her Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The Board or its Compensation Committee shall establish the annual target bonus, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 2000 and September 30, 2001 shall be between \$300,000 and \$600,000. Such bonus amounts shall be subject to annual adjustment by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee, on an annual basis; provided, however, that Executive's target bonus may not be decreased without Executive's consent other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company.

5. Executive Benefits.

(a) Stock Options. In the event that during the Employment Term the Company should create a material spin-off entity in which the Company intends to offer an equity stake to third party investors or the public and in which executives or employees of the Company or such entity are to receive capital stock or options to purchase capital stock, then Executive shall be granted capital stock in such entity, or an option to purchase such capital stock, in such amounts as the Board of Directors of the Company or its compensation Committee shall deem appropriate in connection with the formation or spin-off.

(b) Other Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to senior executives, executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, in each case so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans. Executive will also be entitled to automobile benefits pursuant to a policy to be implemented by the Company with the concurrence of the Chairman of the Compensation Committee of the Board of Directors.

(c) Vacation, Sick Leave, Holidays and Sabbatical. Executive shall be entitled to vacation, sick leave, holidays and sabbatical in accordance with the policies of the Company as they exist from time to time. Executive understands that under the current policy she is entitled to up to four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will roll over to the following year only to the extent provided under the Company's vacation policies as they exist from time to time.

6. Severance Benefits.

(a) At Will Employment. Executive's employment shall be "at will." Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 7(a) below), in its or her sole discretion, upon sixty days' prior written notice of termination.

(b) Involuntary Termination. If at any time during the term of this Agreement, other than following a Change in Control to which Section 6(c) applies, the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, then in addition to salary and vacation accrued through the Termination Date, Executive shall be entitled to receive the following: (i) continued salary for a period of three years following the Termination Date at the rate then in effect, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (ii) at the Termination Date Executive's minimum target bonus for the fiscal year in which the Termination Date occurs plus any unpaid bonus from the prior fiscal year, (iii) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, a pro rata share (based on the proportion of the fiscal year during which Executive remained an employee of the Company) of the bonus that would have been payable to Executive under the bonus plan in excess of Executive's minimum target bonus for the fiscal year, (iv) following the end of the first fiscal year following the fiscal year in which the Termination Date occurs, Executive's minimum target bonus for such following fiscal year (or, if the target bonus for such year was not previously set, then Executive's minimum target bonus for the fiscal year in which the Termination Date occurred), (v) acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable for one year following the Termination Date, (vi) (A) continuation of group health benefits at the Company's cost pursuant to the Company's standard programs as in effect from time to time (or at the Company's election substantially similar health benefits as in effect at the Termination Date, through a third party carrier) for Executive, her spouse and any children, for three years following the Termination Date, and (B) thereafter, to the extent COBRA shall be applicable to the Company, continuation of health benefits for such persons at Executive's cost, for a period of 18 months or such longer period as may be applicable under the Company's policies then in effect, provided the Executive makes the appropriate election and payments, (vii) continuation of Executive's automobile benefits for one year following the Termination Date, and (viii) no other compensation, severance or other benefits, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control. Notwithstanding the foregoing, however, the Company shall not be required to continue to pay the salary or bonus specified in clauses (i)(iii) or (iv) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 11.

(c) Change in Control.

(i) Benefits. If during the term of this Agreement a "Change in Control" occurs (as defined below), then Executive shall be entitled to receive the following: (i) salary and vacation accrued through the date of the Change in Control plus an amount equal to three years of Executive's salary as then in effect, payable immediately upon the Change in Control, (ii) an amount equal to three times Executive's target bonus for the fiscal year in which the Change in Control occurs (as well as any unpaid bonus from the prior fiscal year), all payable immediately upon the Change in Control, (iii) acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable one year following the date of the Change in Control, (iv) (A) continuation of group health benefits at the Company's cost pursuant to the Company's standard programs as in effect from time to time (or at the

Company's election substantially similar health benefits as in effect at the Termination Date (if applicable), through a third party carrier) for Executive, her spouse and any children, for three years following the date of the Change in Control (even if Executive ceases employment), and (B) thereafter, to the extent COBRA shall be applicable, continuation of health benefits for such persons at Executive's cost, for a period of 18 months or such longer period as may be applicable under the Company's policies then in effect, provided the Executive makes the appropriate election and payments, and (v) no other compensation, severance or other benefits.

(ii) Additional Payments by the Company.

A. If it is determined (as hereafter provided) that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Executive will be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

B. Subject to the provisions of clause F below, all determinations required to be made under this Section 6(c)(ii), including whether an Excise Tax is payable by Executive and the amount of such Excise Tax and whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, will be made by the Company's independent certified public accountants prior to the Change in Control (the "Accounting Firm"). The Company will direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and Executive within 15 calendar days after the date of the Change in Control or the date of Executive's termination of employment, if applicable, and any other such time or times as may be requested by the Company or Executive. If the Accounting Firm determines that any Excise Tax is payable by Executive, the Company will pay the required Gross-Up Payment to Executive within five business days after receipt of such determination and calculations. If the Accounting Firm determines that no Excise Tax is payable by Executive, it will, at the same time as it makes such determination, furnish Executive with an opinion that she has substantial authority not to report any Excise Tax on her federal, state, local income or other tax return. Any determination by the Accounting Firm as to the amount of the Gross-Up Payment will be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code (or any successor provision thereto) and the possibility of similar uncertainty regarding applicable state or local tax law at the time of any determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (an "Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts or fails to pursue its remedies pursuant to clause F below and Executive

thereafter is required to make a payment of any Excise Tax, the Company or Executive may direct the Accounting Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and Executive as promptly as possible. Any such Underpayment will be promptly paid by the Company to, or for the benefit of, Executive within twenty days after receipt of such determination and calculations.

C. The Company and Executive will each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determination contemplated by clause B above.

D. The federal, state and local income or other tax returns filed by Executive will be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by Executive. Executive will make proper payment of the amount of any Excise Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of her federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment. If prior to the filing of Executive's federal income tax return, or corresponding state or local tax return, if relevant, the Accounting Firm determines that the amount of the Gross-Up Payment should be reduced, Executive will within twenty days thereafter pay to the Company the amount of such reduction.

E. The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations contemplated by clauses B and D above will be borne by the Company. If such fees and expenses are initially advanced by Executive, the Company will reimburse Executive the full amount of such fees and expenses within twenty days after receipt from Executive of a statement therefor and reasonable evidence of her payment thereof.

F. Executive will notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification will be given as promptly as practicable but no later than 10 business days after Executive actually receives notice of such claim and Executive will further apprise the Company of the nature of such claim and the date on which such claim is requested to be paid (in each case, to the extent known by Executive). Executive will not pay such claim prior to the earlier of (i) the expiration of the 30-calendar-day period following the date on which she gives such notice to the Company and (ii) the date that any payment of amount with respect to such claim is due. If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive will:

(i) provide the Company with any written records or documents in her possession relating to such claim reasonably requested by the Company;

(ii) take such action in connection with contesting such claim as the Company will reasonably request in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company will bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such contest and will indemnify and hold harmless Executive, on an after-tax basis, for and against any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this clause F, the Company will control all proceedings taken in connection with the contest of any claim contemplated by this clause F and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim (provided that Executive may participate therein at her own cost and expense) and may, at its option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company will determine; provided, however, that if the Company directs Executive to pay the tax claimed and sue for a refund, the Company will advance the amount of such payment to Executive on an interest-free basis and will indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance; and provided further, however, that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of any such contested claim will be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive will be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

G. If, after the receipt by Executive of an amount advanced by the Company pursuant to clause F above, Executive receives any refund with respect to such claim, Executive will (subject to the Company's complying with the requirements of clause F above) within twenty days thereafter pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to clause F above, a determination is made that Executive will not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial or refund prior to the expiration of 30 days after such determination, then such advance will be forgiven and will not be required to be repaid and the amount of such advance will offset, to the extent thereof, the amount of Gross-Up Payment required to be paid pursuant to this Section 6(c)(ii).

(d) Termination for Disability. If at any time during the term of this Agreement other than following a Change in Control to which Section 6(c) applies Executive shall become unable to perform her duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then in addition to salary and vacation accrued through the Termination Date, Executive shall be entitled to receive the following: (i) continued salary for a period of three years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (ii) at the Termination Date, Executive's minimum target bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), (iii) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, any bonus that would have been payable to Executive under the bonus plan in excess of Executive's target bonus, (iv) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable one year following the Termination Date (v) (A) continuation of group health benefits at the Company's cost pursuant to the Company's standard programs as in effect from time to time (or at the Company's election substantially similar health benefits as in effect at the Termination Date, through a third party carrier) for Executive, her spouse and any children, for three years following the Termination Date, and (B) thereafter, to the extent COBRA shall be applicable to the Company, continuation of health benefits for such persons at Executive's cost, for a period of 18 months or such longer period as may be applicable under the Company's policies then in effect, provided the Executive makes the appropriate election and payments, and (vi) no other compensation, severance or other benefits, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control. Notwithstanding the foregoing, however, the Company may deduct from the salary specified in clause (i) hereof the amount of any payments then received by Executive under any disability benefit program maintained by the Company.

(e) Involuntary Termination for Business Reasons, Termination following a Change in Control or Voluntary Termination. If (A) Executive is terminated involuntarily for Business Reasons, or (B) Executive is terminated involuntarily, is terminated in a Constructive Termination or is terminated upon the Disability of Executive, in any such case following a Change in Control to which Section 6(c) applies, then in addition to salary and accrued vacation through the Termination Date, Executive or her representatives shall be entitled to receive the following: (i) the right to exercise all stock options held by Executive for thirty days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (ii) to the extent COBRA shall be applicable to the Company, continuation of group health plan benefits pursuant to the Company's standard programs as in effect from time to time (or at the Company's election continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier), for Executive, her spouse and any children, for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided Executive makes the appropriate election and payments, and (iii) no further severance, benefits or other compensation, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control. If Executive voluntarily terminates her employment (other than in the case of a Constructive Termination), then in addition to salary and accrued vacation through the Termination

Date, Executive or her representatives shall be entitled to receive the following: (i) salary for eighteen months following the Termination Date, at the rate then in effect, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (ii) the right to vest in all stock options, restricted stock or other equity arrangements subject to vesting while salary continues to be paid and the right to exercise all stock options held by Executive for thirty days following the last date on which salary is paid (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (iii) to the extent COBRA shall be applicable to the Company, continuation of group health plan benefits pursuant to the Company's standard programs as in effect from time to time (or at the Company's election continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier), for Executive, her spouse and any children, for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided Executive makes the appropriate election and payments, and (iv) no further severance, benefits or other compensation, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control.

(f) Termination Upon Death. If Executive's employment is terminated because of death, then Executive's representatives shall be entitled to receive the following: (i) salary and vacation accrued through the Termination Date, (ii) a pro rata share of Executive's target bonus for the year in which death occurs, based on the proportion of the fiscal year during which Executive remained an Employee of the Company (plus any unpaid bonus from the prior fiscal year), (iii) except in the case of any such termination following a Change in Control to which Section 6(c) applies, acceleration in full of vesting of all outstanding stock options, TARPs and other equity arrangements subject to vesting and held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable for one year following the Termination (iv) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or at the Company's election continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier), for Executive's spouse and any children for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) provided Executive's estate makes the appropriate election and payments, (v) any benefits payable to Executive or her representatives upon death under insurance or other programs maintained by the Company for the benefit of the Executive, and (vi) no further benefits or other compensation, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control.

(g) Exclusivity. The provisions of this Section 6 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (b), (c), (d), (e) or (f) of this Section 6, whichever shall be applicable and those benefits required to be provided by law.

7. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" means (i) gross negligence, willful misconduct or other willful malfeasance by Executive in the performance of her duties, (ii) Executive's conviction of a felony, or any other criminal offense involving moral turpitude, (iii) Executive's material breach of this Agreement, including without limitation any repeated breach of Sections 8 through 11 hereof, provided that, in the case of any such breach, the Board provides written notice of breach to the Executive, specifically identifying the manner in which the Board believes that Executive has materially breached this Agreement, and Executive shall have the opportunity to cure such breach to the reasonable satisfaction of the Board within thirty days following the delivery of such notice. For purposes of this paragraph, no act or failure to act by Executive shall be considered "willful" unless done or omitted to be done by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company or its affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The Board must notify Executive of any event constituting Business Reasons within ninety days following the Board's actual knowledge of its existence (which period shall be extended during the period of any reasonable investigation conducted in good faith by or on behalf of the Board) or such event shall not constitute Business Reasons under this Agreement.

(b) Disability. "Disability" shall mean that Executive has been unable to perform her duties as an employee as the result of her incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least sixty days written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of her duties hereunder before the termination of her employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 7(b); (iii) if this Agreement is terminated by the Company, the date on which indicated in a notice of termination is given to Executive by the Company in accordance with Sections 6(a) and 12(a); (iv) if the Agreement is terminated by Executive, the date indicated in a notice of termination given to the Company by Executive in accordance with Sections 6(a) and 12(a); or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) (1) Executive's position changes as a result of an action by the Company such that (w) Executive shall no longer be an Executive Vice President of the Company, or (x) Executive shall have duties and responsibilities demonstrably less than those typically associated with a Chief Marketing Officer or (2) Executive is required to relocate her place of employment, other than a

relocation within fifty miles of Executive's current residence or the Company's current Stamford headquarters, (3) there is a reduction in Executive's base salary or target bonus (other than any such reduction or termination consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure as a result of poor performance by the Company) or (4) there occurs any other material breach of this Agreement by the Company (other than a reduction of Executive's base salary or target bonus which is not described in the immediately preceding clause (3)) after a written demand for substantial performance is delivered to the Board by Executive which specifically identifies the manner in which Executive believes that the Company has materially breached this Agreement, and the Company has failed to cure such breach to the reasonable satisfaction of Executive within thirty days following the delivery of such notice and (B) within the ninety day period immediately following an action described in clauses (A)(1) through (4), Executive elects to terminate her employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or (iii) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing (A) in the case of any Person filing as a "passive investor" on Schedule 13G under the Exchange Act, 25% or more of the combined voting power of the Company's then-outstanding securities (but only for so long as such Person continues to report as a 13G passive investor), and (B) in the case of any Person not filing or no longer filing as a 13G passive investor, 20% or more of the combined voting power of the Company's then-outstanding securities;

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (i) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Section (7)(e)(i), (iii) or (iv) hereof, (ii) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (iii) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company

outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Change in Control has occurred.

(vi) Notwithstanding the foregoing, the issuance of shares of the Company's common stock upon conversion of the Company's 6% Convertible Subordinated Notes (as such notes may be amended, restated, refinanced, supplemented or otherwise modified from time to time), which Notes were issued pursuant to the Securities Purchase Agreement dated as of March 21, 2000 among the Company and the purchasers party thereto, shall not constitute a Change of Control for purposes of this Agreement.

8. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of her association with the Company and subsidiaries and her performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that she will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Company, other than proper disclosure or use in the performance of her duties hereunder. Executive agrees to deliver to the Company at the end of the Employment Term, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under her control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or

unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Term; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

9. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company including applications, powers of attorney, assignments or other instruments which the Company deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

10. No Conflicts.

(a) Executive agrees that in her individual capacity she will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Company.

(b) As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that she will not, except with the express written consent of the Company, become engaged in, render services for, or permit her name to be used in connection with, any for-profit business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

11. Non-Competition Agreement.

(a) Executive acknowledges that her services are of a special, unique and extraordinary value to the Company and that she has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive

agrees that during the term of this Agreement and for the period of three years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date (as evidenced by written proposals, market research or similar materials), including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three years commencing on the Termination Date, Executive shall not (i) directly or indirectly induce or attempt to induce any employee of the Company or any subsidiary (other than her own assistant) to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the then preceding 12 months, or (iii) directly or indirectly induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 11 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

12. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to

have been duly given (i) when delivered, if personally delivered, (ii) three business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to her at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 12(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys fees and costs shall be allocated or apportioned as agreed by the parties or, in the absence of an agreement, in such manner as the arbitrator or court shall determine to be appropriate to reflect the final decision of the deciding body as compared to the initial positions in arbitration of each party. This Agreement shall be construed in accordance with and governed by the laws of the State of Connecticut as they apply to contracts entered into and wholly to be performed within such State by residents thereof.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Indemnification. In the event Executive is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, by reason of the fact that Executive is or was a director or officer of the Company or serves or served any other entity of which the Company owns 50% or more of the equity in any capacity, Executive shall be indemnified by the Company, and the Company shall pay Executive's related expenses when and as incurred, all to the full extent permitted by law, pursuant to Executive's existing indemnification agreement with the Company in the form made available to all Executive and all other officers and directors or, if it provides greater protection to Executive, to the maximum extent allowed under the law of the State of the Company's incorporation.

(j) Legal Fees. The Company will pay directly the fees and expenses of counsel retained by Executive in connection with the preparation, negotiation and execution of this Agreement.

(k) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

GARTNER GROUP, INC.

By:

Michael D. Fleisher
Chief Executive Officer

REGINA M. PAOLILLO

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into on August 7, 2000, by and between Robert E. Knapp, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

RECITALS

A. The Company and the Executive desire to set forth their agreement pursuant to which the Executive will become the Chief Marketing Officer of the Company effective August 7, 2000 and to provide for Executive's employment by the Company upon the terms and conditions set forth herein.

AGREEMENT

THEREFORE, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment. Executive will serve as Chief Marketing Officer of the Company for the Employment Term specified in Section 2 below. Executive will report solely to the Chief Executive Officer of the Company and will render such services consistent with the foregoing role as the Chief Executive Officer or Board of Directors may from time to time direct. Executive's office shall be located at the executive offices of the Company in Stamford, Connecticut. Executive may (i) serve on corporate, civic or charitable boards or committees and (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, to the extent consistent with the Company's policies (as applicable) or disclosed to the Chief Executive Officer and that the Chief Executive Officer determines in good faith do not interfere with the performance of Executive's responsibilities hereunder.

2. Term. The employment of Executive pursuant to this Agreement shall continue through September 30, 2003 (the "Employment Term"), unless extended or earlier terminated as provided in this Agreement. The Employment Term shall automatically be extended for additional one-year periods commencing on October 1, 2003 and continuing each year thereafter, unless either Executive or the Company gives the other written notice, in accordance with Section 12(a) and at least 90 days prior to the then scheduled expiration of the Employment Term, of such party's intention not to extend the Employment Term.

3. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary initially equal to \$27,083 per month ("Base Salary") for fiscal year 2000, payable to Executive in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to adjustment by the Board of Directors of the Company or the Compensation Committee of the Board of Directors, in the sole discretion of the Board or such Committee, on an annual basis; provided, however, that Executive's salary may not be decreased other than any such reduction consistent with a general reduction of pay across the executive staff as a group as an economic or strategic measure due to poor financial performance by the Company.

4. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The Board or its Compensation Committee shall establish the annual target bonus, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 2000 shall be \$250,000, prorated based on the portion of the year employed. Executive's target bonus for the year ending September 30, 2001 shall be between \$250,000 and \$500,000. Such bonus amounts shall be subject to annual adjustment by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee, on an annual basis; provided, however, that Executive's target bonus may not be decreased without Executive's consent other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company. Employee will receive a one-time sign on bonus in the amount of \$59,000.

5. Executive Benefits.

(a) Stock Options. You will be granted by the Compensation Committee options to purchase an aggregate of 250,000 shares of Class A Common Stock of the Company ("Stock") (the "Fiscal 2000 Option Grant") under the Company's 1991 Stock Option Plan (the "1991 Plan"). The Fiscal 2000 Option Grant shall vest 25% one year after grant and 2.08% per month thereafter, subject to continuous status as an employee or consultant (such that all the options subject to each grant shall have vested 4 years from the date of grant assuming continuous service); provided that vesting of all or a portion of such options shall accelerate upon certain events as described below. Shares issuable under the Company's 1991 Plan (including the shares issuable on exercise of Executive's Fiscal 2000 Option grant) have been registered on Form S-8 under the Securities Act of 1933, as amended.

In the event that during the Employment Term the Company should create a material spin-off entity in which the Company intends to offer an equity stake to third party investors or the public and in which executives or employees of the Company or such entity are to receive capital stock or options to purchase capital stock, then Executive shall be granted capital stock in such entity, or an option to purchase such capital stock, in such amounts as the Board of Directors of the Company or its compensation Committee shall deem appropriate in connection with the formation or spin-off.

(b) Other Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to senior executives, executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, in each case so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans. Executive will also be entitled to automobile benefits pursuant to a policy to be implemented by the Company with the concurrence of the Chairman of the Compensation Committee of the Board of Directors.

(c) Vacation, Sick Leave, Holidays and Sabbatical. Executive shall be entitled to vacation, sick leave, holidays and sabbatical in accordance with the policies of the Company as they

exist from time to time. Executive understands that under the current policy he is entitled to up to four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will roll over to the following year only to the extent provided under the Company's vacation policies as they exist from time to time.

6. Severance Benefits.

(a) At Will Employment. Executive's employment shall be "at will." Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 7(a) below), in its or his sole discretion, upon sixty days' prior written notice of termination.

(b) Involuntary Termination. If at any time during the term of this Agreement, other than following a Change in Control to which Section 6(c) applies, the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, then in addition to salary and vacation accrued through the Termination Date, Executive shall be entitled to receive the following: (i) continued salary for a period of one and one-half years following the Termination Date at the rate then in effect, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (ii) at the Termination Date Executive's minimum target bonus for the fiscal year in which the Termination Date occurs plus any unpaid bonus from the prior fiscal year, (iii) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, a pro rata share (based on the proportion of the fiscal year during which Executive remained an employee of the Company) of the bonus that would have been payable to Executive under the bonus plan in excess of Executive's minimum target bonus for the fiscal year, (iv) following the end of the first fiscal year following the fiscal year in which the Termination Date occurs, Executive's minimum target bonus for such following fiscal year (or, if the target bonus for such year was not previously set, then Executive's minimum target bonus for the fiscal year in which the Termination Date occurred), (v) acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable for one year following the Termination Date, (vi) (A) for one and one-half years following the Termination Date, continuation of group health benefits at the Company's cost pursuant to the Company's standard programs as in effect from time to time (or at the Company's election substantially similar health benefits as in effect at the Termination Date, through a third party carrier) for Executive, his spouse and any children, and (B) thereafter, to the extent COBRA shall be applicable to the Company, continuation of health benefits for such persons at Executive's cost, for a period of 18 months or such longer period as may be applicable under the Company's policies then in effect, provided the Executive makes the appropriate election and payments, (vii) continuation of Executive's auto benefits for one year following the Termination Date, and (viii) no other compensation, severance or other benefits, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control. Notwithstanding the foregoing, however, the Company shall not be required to continue to pay the salary or bonus specified in clauses (i)(iii) or (iv) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 11.

(c) Change in Control.

(i) Benefits. If during the term of this Agreement a "Change in Control" occurs (as defined below), then Executive shall be entitled to receive the following: (i) salary and vacation accrued through the date of the Change in Control plus an amount equal to one and one-half years of Executive's salary as then in effect, payable immediately upon the Change in Control, (ii) an amount equal to one and one-half times Executive's target bonus for the fiscal year in which the Change in Control occurs (as well as any unpaid bonus from the prior fiscal year), all payable immediately upon the Change in Control, (iii) acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable one year following the date of the Change in Control, (iv) (A) continuation of group health benefits at the Company's cost pursuant to the Company's standard programs as in effect from time to time (or at the Company's election substantially similar health benefits as in effect at the Termination Date (if applicable), through a third party carrier) for Executive, his spouse and any children, for one and one-half years following the date of the Change in Control (even if Executive ceases employment), and (B) thereafter, to the extent COBRA shall be applicable, continuation of health benefits for such persons at Executive's cost, for a period of 18 months or such longer period as may be applicable under the Company's policies then in effect, provided the Executive makes the appropriate election and payments, and (v) no other compensation, severance or other benefits.

(ii) Additional Payments by the Company.

A. If it is determined (as hereafter provided) that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Executive will be entitled to receive an additional payment or payments (a "Gross-Up Payment") in an amount such that, after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

B. Subject to the provisions of clause F below, all determinations required to be made under this Section 6(c)(ii), including whether an Excise Tax is payable by Executive and the amount of such Excise Tax and whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, will be made by the Company's independent certified public accountants prior to the Change in Control (the "Accounting Firm"). The Company will direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and Executive within 15 calendar days after the date of the Change in Control or the date of Executive's termination of employment, if applicable, and any other such time or times as may be

requested by the Company or Executive. If the Accounting Firm determines that any Excise Tax is payable by Executive, the Company will pay the required Gross-Up Payment to Executive within five business days after receipt of such determination and calculations. If the Accounting Firm determines that no Excise Tax is payable by Executive, it will, at the same time as it makes such determination, furnish Executive with an opinion that he has substantial authority not to report any Excise Tax on his federal, state, local income or other tax return. Any determination by the Accounting Firm as to the amount of the Gross-Up Payment will be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code (or any successor provision thereto) and the possibility of similar uncertainty regarding applicable state or local tax law at the time of any determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (an "Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts or fails to pursue its remedies pursuant to clause F below and Executive thereafter is required to make a payment of any Excise Tax, the Company or Executive may direct the Accounting Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and Executive as promptly as possible. Any such Underpayment will be promptly paid by the Company to, or for the benefit of, Executive within twenty days after receipt of such determination and calculations.

C. The Company and Executive will each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determination contemplated by clause B above.

D. The federal, state and local income or other tax returns filed by Executive will be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by Executive. Executive will make proper payment of the amount of any Excise Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment. If prior to the filing of Executive's federal income tax return, or corresponding state or local tax return, if relevant, the Accounting Firm determines that the amount of the Gross-Up Payment should be reduced, Executive will within twenty days thereafter pay to the Company the amount of such reduction.

E. The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations contemplated by clauses B and D above will be borne by the Company. If such fees and expenses are initially advanced by Executive, the Company will reimburse Executive the full amount of such fees and expenses within twenty days after receipt from Executive of a statement therefor and reasonable evidence of his payment thereof.

F. Executive will notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification will be given as promptly as practicable but no later than 10

business days after Executive actually receives notice of such claim and Executive will further apprise the Company of the nature of such claim and the date on which such claim is requested to be paid (in each case, to the extent known by Executive). Executive will not pay such claim prior to the earlier of (i) the expiration of the 30-calendar-day period following the date on which he gives such notice to the Company and (ii) the date that any payment of amount with respect to such claim is due. If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive will:

(i) provide the Company with any written records or documents in his possession relating to such claim reasonably requested by the Company;

(ii) take such action in connection with contesting such claim as the Company will reasonably request in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company will bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such contest and will indemnify and hold harmless Executive, on an after-tax basis, for and against any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this clause F, the Company will control all proceedings taken in connection with the contest of any claim contemplated by this clause F and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim (provided that Executive may participate therein at his own cost and expense) and may, at its option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company will determine; provided, however, that if the Company directs Executive to pay the tax claimed and sue for a refund, the Company will advance the amount of such payment to Executive on an interest-free basis and will indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance; and provided further, however, that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of any such contested claim will be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive will be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

G. If, after the receipt by Executive of an amount advanced by the Company pursuant to clause F above, Executive receives any refund with respect to such claim, Executive will (subject to the Company's complying with the requirements of clause F above) within twenty days thereafter pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to clause F above, a determination is made that Executive will not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial or refund prior to the expiration of 30 days after such determination, then such advance will be forgiven and will not be required to be repaid and the amount of such advance will offset, to the extent thereof, the amount of Gross-Up Payment required to be paid pursuant to this Section 6(c)(ii).

(d) Termination for Disability. If at any time during the term of this Agreement other than following a Change in Control to which Section 6(c) applies Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then in addition to salary and vacation accrued through the Termination Date, Executive shall be entitled to receive the following: (i) continued salary for a period of one and one-half years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (ii) at the Termination Date, Executive's minimum target bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), (iii) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, any bonus that would have been payable to Executive under the bonus plan in excess of Executive's target bonus, (iv) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable one year following the Termination Date (v) (A) for one and one-half years following the Termination Date, continuation of group health benefits at the Company's cost pursuant to the Company's standard programs as in effect from time to time (or at the Company's election substantially similar health benefits as in effect at the Termination Date, through a third party carrier) for Executive, his spouse and any children, and (B) thereafter, to the extent COBRA shall be applicable to the Company, continuation of health benefits for such persons at Executive's cost, for a period of 18 months or such longer period as may be applicable under the Company's policies then in effect, provided the Executive makes the appropriate election and payments, and (vi) no other compensation, severance or other benefits, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control. Notwithstanding the foregoing, however, the Company may deduct from the salary specified in clause (i) hereof the amount of any payments then received by Executive under any disability benefit program maintained by the Company.

(e) Voluntary Termination, Involuntary Termination for Business Reasons or Termination following a Change in Control. If (A) Executive voluntarily terminates his employment (other than in the case of a Constructive Termination), (B) Executive is terminated involuntarily for Business Reasons, or (C) Executive is terminated involuntarily, is terminated in a Constructive Termination or is terminated upon the Disability of Executive, in any such case following a Change in Control to which Section 6(c) applies, then in any such event Executive or his representatives shall be entitled to receive the following: (i) salary and accrued vacation through the Termination

Date only, (ii) the right to exercise all stock options held by Executive for thirty days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (iii) to the extent COBRA shall be applicable to the Company, continuation of group health plan benefits pursuant to the Company's standard programs as in effect from time to time (or at the Company's election continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier), for Executive, his spouse and any children, for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided Executive makes the appropriate election and payments, and (iv) no further severance, benefits or other compensation, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control.

(f) Termination Upon Death. If Executive's employment is terminated because of death, then Executive's representatives shall be entitled to receive the following: (i) salary and vacation accrued through the Termination Date, (ii) a pro rata share of Executive's target bonus for the year in which death occurs, based on the proportion of the fiscal year during which Executive remained an Employee of the Company (plus any unpaid bonus from the prior fiscal year), (iii) except in the case of any such termination following a Change in Control to which Section 6(c) applies, acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all such options and other exercisable rights held by Executive shall remain exercisable for one year following the Termination (iv) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or at the Company's election continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier), for Executive's spouse and any children for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) provided Executive's estate makes the appropriate election and payments, (v) any benefits payable to Executive or his representatives upon death under insurance or other programs maintained by the Company for the benefit of the Executive, and (vi) no further benefits or other compensation, except only that this provision shall not limit any benefits otherwise available to Executive under Section 6(c) in the case of a termination following a Change in Control.

(g) Exclusivity. The provisions of this Section 6 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (b), (c), (d), (e) or (f) of this Section 6, whichever shall be applicable and those benefits required to be provided by law.

7. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" means (i) gross negligence, willful misconduct or other willful malfeasance by Executive in the performance of his duties, (ii)

Executive's conviction of a felony, or any other criminal offense involving moral turpitude, (iii) Executive's material breach of this Agreement, including without limitation any repeated breach of Sections 8 through 11 hereof, provided that, in the case of any such breach, the Board provides written notice of breach to the Executive, specifically identifying the manner in which the Board believes that Executive has materially breached this Agreement, and Executive shall have the opportunity to cure such breach to the reasonable satisfaction of the Board within thirty days following the delivery of such notice. For purposes of this paragraph, no act or failure to act by Executive shall be considered "willful" unless done or omitted to be done by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company or its affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The Board must notify Executive of any event constituting Business Reasons within ninety days following the Board's actual knowledge of its existence (which period shall be extended during the period of any reasonable investigation conducted in good faith by or on behalf of the Board) or such event shall not constitute Business Reasons under this Agreement.

(b) Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of his incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least sixty days written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 7(b); (iii) if this Agreement is terminated by the Company, the date on which indicated in a notice of termination is given to Executive by the Company in accordance with Sections 6(a) and 12(a); (iv) if the Agreement is terminated by Executive, the date indicated in a notice of termination given to the Company by Executive in accordance with Sections 6(a) and 12(a); or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) (1) Executive's position changes as a result of an action by the Company such that (w) Executive shall no longer be an Executive Vice President of the Company, or (x) Executive shall have duties and responsibilities demonstrably less than those typically associated with a Chief Marketing Officer or (2) Executive is required to relocate his place of employment, other than a relocation within fifty miles of Executive's current residence or the Company's current Stamford headquarters, (3) there is a reduction in Executive's base salary or target bonus (other than any such reduction or termination consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure as a result of poor performance by the Company) or (4) there occurs any other material breach of this Agreement by the Company (other than a reduction of

Executive's base salary or target bonus which is not described in the immediately preceding clause (3)) after a written demand for substantial performance is delivered to the Board by Executive which specifically identifies the manner in which Executive believes that the Company has materially breached this Agreement, and the Company has failed to cure such breach to the reasonable satisfaction of Executive within thirty days following the delivery of such notice and (B) within the ninety day period immediately following an action described in clauses (A)(1) through (4), Executive elects to terminate his employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or (iii) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing (A) in the case of any Person filing as a "passive investor" on Schedule 13G under the Exchange Act, 25% or more of the combined voting power of the Company's then-outstanding securities (but only for so long as such Person continues to report as a 13G passive investor), and (B) in the case of any Person not filing or no longer filing as a 13G passive investor, 20% or more of the combined voting power of the Company's then-outstanding securities;

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (i) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Section (7)(e)(i), (iii) or (iv) hereof, (ii) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (iii) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of

the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Change in Control has occurred.

(vi) Notwithstanding the foregoing, the issuance of shares of the Company's common stock upon conversion of the Company's 6% Convertible Subordinated Notes (as such notes may be amended, restated, refinanced, supplemented or otherwise modified from time to time), which Notes were issued pursuant to the Securities Purchase Agreement dated as of March 21, 2000 among the Company and the purchasers party thereto, shall not constitute a Change of Control for purposes of this Agreement.

8. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Company, other than proper disclosure or use in the performance of his duties hereunder. Executive agrees to deliver to the Company at the end of the Employment Term, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Term; (ii) is

publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

9. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company including applications, powers of attorney, assignments or other instruments which the Company deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

10. No Conflicts.

(a) Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Company.

(b) As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Company, become engaged in, render services for, or permit his name to be used in connection with, any for-profit business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

11. Non-Competition Agreement.

(a) Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that during the term of this Agreement and for the period of three years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of

development on the Termination Date (as evidenced by written proposals, market research or similar materials), including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three years commencing on the Termination Date, Executive shall not (i) directly or indirectly induce or attempt to induce any employee of the Company or any subsidiary (other than his own assistant) to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the then preceding 12 months, or (iii) directly or indirectly induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 11 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

12. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at

the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 12(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys fees and costs shall be allocated or apportioned as agreed by the parties or, in the absence of an agreement, in such manner as the arbitrator or court shall determine to be appropriate to reflect the final decision of the deciding body as compared to the initial positions in arbitration of each party. This Agreement shall be construed in accordance with and governed by the laws of the State of Connecticut as they apply to contracts entered into and wholly to be performed within such State by residents thereof.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Indemnification. In the event Executive is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, by reason of the fact that Executive is or was a director or officer of the Company or serves or served any other entity of which the Company owns 50% or more of the equity in any capacity, Executive shall be indemnified by the Company, and the Company shall pay Executive's related expenses when and as incurred, all to the full extent permitted by law, pursuant to Executive's existing indemnification agreement with the Company in the form made available to all Executive and all other officers and directors or, if it provides greater protection to Executive, to the maximum extent allowed under the law of the State of the Company's incorporation.

(j) Legal Fees. The Company will pay directly the fees and expenses of counsel retained by Executive in connection with the preparation, negotiation and execution of this Agreement.

(k) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

GARTNER GROUP, INC.

By:

Michael D. Fleisher
Chief Executive Officer

ROBERT E. KNAPP

(Financial Highlights)

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Fiscal Year Ended September 30, (in thousands,
except per share, employee and client data)

	2000	1999	1998	1997	1996
Total revenues	\$858,671	\$734,234	\$641,957	\$511,239	\$394,672
Ongoing revenues(1)	\$858,671	\$734,234	\$623,881	\$489,925	\$382,453
Net income	\$ 25,546	\$ 88,271	\$ 88,347	\$ 73,130	\$ 16,438
EBITDA(2)	\$121,867	\$193,610	\$178,628	\$134,814	\$ 97,217
Earnings per common share:					
Basic	\$ 0.29	\$ 0.86	\$ 0.88	\$ 0.77	\$ 0.18
Diluted	\$ 0.29	\$ 0.84	\$ 0.84	\$ 0.71	\$ 0.17
Cash(3)	\$ 0.57	\$ 0.92	\$ 0.91	\$ 0.76	\$ 0.20
Weighted average shares outstanding (diluted)	89,529	104,948	105,699	102,751	98,854
Cash provided by operations(4)	\$ 75,565	\$143,915	\$145,068	\$123,990	\$ 95,104

At September 30,	2000	1999	1998	1997	1996
Client organizations(5)	10,014	9,692	9,144	8,124	7,241
Research contract value	\$599,169	\$560,779	\$511,422	\$450,276	\$344,106
Consulting backlog(6)	\$ 94,441	\$ 71,620	\$ 42,687	\$ 26,831	--
Events deferred revenue	\$ 72,212	\$ 51,442	\$ 30,958	\$ 21,212	\$ 12,830
Employees	4,322	3,402	2,972	2,885	2,129

(1) Excludes GartnerLearning revenue, a unit sold in fiscal 1998.

(2) EBITDA is defined as earnings before interest, taxes, depreciation and amortization. The EBITDA calculation excludes other charges.

(3) Cash EPS excludes other charges and the amortization of intangibles (net of tax benefits).

(4) Restated for required reclassification of tax benefits.

(5) Excludes Datapro and GartnerLearning.

(6) Consulting backlog was not a calculated business measurement in 1996.

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OVERVIEW

Total revenues for the Company for fiscal 2000 were \$858.7 million, up 17% from \$734.2 million for fiscal 1999. Current year revenue growth consisted of a 6% increase in research revenues, a 39% increase in consulting revenues, a 44% increase in events revenues and a 6% increase in other revenues. Research encompasses products which, on an ongoing basis, highlight industry developments, review new products and technologies, provide quantitative market research, and analyze industry trends within a particular technology or market sector. The Company typically enters into annually renewable subscription contracts for research products. Revenues from research products are recognized as products are delivered and as the Company's obligation to the client is completed over the contract period. Consulting revenues, primarily derived from consulting and measurement engagements, are recognized as work is performed on a contract by contract basis. Events revenues are deferred and recognized upon the completion of the related symposium, exposition or conference. Other revenues are derived primarily from software sales, which are recognized upon the shipment of products, and the Company's Internet segment, TechRepublic, whose revenues consist primarily of advertising sales which are recognized upon delivery of the advertisement to users of the TechRepublic Internet Web site.

The Company believes the following business measurements are important indicators of future revenues of its significant business segments.

REVENUE CATEGORY	BUSINESS MEASUREMENTS
Research	Contract value attributable to all subscription-based research products with ratable revenue recognition. Contract value is calculated as the annualized value of all subscription-based research contracts in effect at a given point in time, without regard to the duration of such contracts. Research contract value increased 7% to approximately \$599.2 million at September 30, 2000 from \$560.8 million at September 30, 1999.
Consulting	Consulting backlog represents future revenue to be derived from in-process consulting and measurement engagements. Backlog is not included in deferred revenue. Consulting backlog increased 32% to approximately \$94.4 million at September 30, 2000 from \$71.6 million at September 30, 1999.
Events	Deferred revenue directly related to symposia, expositions and conferences. Deferred revenue from events increased 40% to approximately \$72.2 million at September 30, 2000 from \$51.4 million at September 30, 1999 primarily due to upcoming symposia and ITxpo events to occur in the first quarter of fiscal 2001.

Contract value is a significant measure of the Company's volume of business. The Company's past experience has been that a substantial portion of client companies renew these subscription-based products for an equal or higher level of total payments each year. In addition, the Company has also been able to increase its multi-year contracts to 40% of total contract value at September 30, 2000 from 32% at September 30, 1999. Total research deferred revenues of \$296.9 million and \$291.1 million at September 30, 2000 and 1999, respectively, represent unamortized revenues from billed products and services. Deferred revenues do not directly correlate to contract value as of the same date since contract value represents an annualized value of all outstanding contracts without regard to the duration of such contracts, and deferred revenue represents unamortized revenue remaining on all outstanding and billed contracts.

The Company has generally realized significant renewals and growth in contract value at the end of each quarter. The fourth quarter of the fiscal year typically has been the fastest growth quarter for contract value and the first quarter has been the slowest growth quarter due to the largest amount of contract renewals. As a result of growth in contract value and overall business volume, fees receivable, deferred revenues, deferred commissions and commissions payable reflect this activity and typically show substantial increases at quarter end and at fiscal year end. All contracts are billable upon signing, absent special terms granted on a limited basis from time to time. All contracts are non-cancelable and non-refundable, except for government contracts which have a 30-day cancellation clause, but have not produced material cancellations to date. The Company's policy is to record at the time of signing of a contract the entire amount of the contract billable as deferred revenue and fees receivable. The Company also records the related commission obligation upon the signing of the contract and amortizes the corresponding deferred commission expense over the contract period in which the related revenues are earned and amortized to income.

Research revenues typically increase in the first quarter of the fiscal year over the immediately preceding quarter primarily due to the increase in contract value at the end of the prior fiscal year. Events revenues have increased similarly due to annual conferences and exhibition events held in the first quarter. Additionally, operating income margin (operating income as a percentage of total revenues) typically improves in the first quarter of the fiscal year versus the immediately preceding quarter. The operating income margin improvement in the first quarter of a fiscal year is generally due to the increase in research revenue upon which the Company is able to further leverage its selling, general and administrative expenses, plus operating income generated from the first quarter symposium and ITxpo exhibition events. Although historically, operating income margin has generally not been as high in the remaining quarters, especially the third and fourth quarters of the fiscal year compared to the first quarter of the fiscal year, the full year impact of TechRepublic and other acquisitions and strategic initiatives may result in operating margin trends in the future that are not comparable to historical trends.

During fiscal 2000, the Company made significant investments in the hiring of consultants to support the demand for consultative services. As a result of successful recruiting efforts, the Company increased its billable consultants to 711 at the end of fiscal 2000 and generated \$208.8 million in consulting revenues, a 39% increase over the prior year. In addition, backlog increased 32% from the previous year, which provides future revenue to be delivered on in fiscal 2001.

In fiscal 2000, the Company's events business grew 44% to \$108.6 million in revenues compared to fiscal 1999. This growth reflects continued strong attendance by clients and non-clients at symposia and conferences as well as demand by exhibitors to showcase their products at Company events.

In addition, the Company's Internet segment, TechRepublic, provided \$4.1 million of revenue in fiscal 2000 that consisted primarily of revenue from the sale of advertisements. Expansion of TechRepublic's registered user population has contributed to its ability to sequentially grow advertising revenues in fiscal 2000. The ability of TechRepublic to maintain or increase advertising rates and volumes will depend, in part, on the level and quality of traffic on the TechRepublic site and the ability to develop content and services that attract, retain and expand a loyal user base that is attractive to advertisers and sellers.

Operating income in fiscal 2000 was \$48.2 million, net of \$17.5 million in other charges. Excluding the effect of other charges in fiscal 2000 and 1999, operating income decreased 59% to \$65.7 million from \$162.0 million. Operating income, excluding other charges, was impacted significantly by expenditures related to strategic investments in rearchitecting the research methodology and delivery processes, the hiring of analysts and consultants, higher revenue growth in lower margin consultative services and the Company's investment in TechRepublic.

Diluted net income per common share decreased 65% to \$0.29 per share in fiscal 2000 compared to \$0.84 per share in fiscal 1999. Excluding the effect of other charges, net gain (loss) on sale of investments and loss on extinguishment of debt in fiscal 2000 and other charges and a one-time tax benefit in fiscal 1999, diluted net income per common share for fiscal 2000 was \$0.26 per share in fiscal 2000 and \$1.02 per share in fiscal 1999. Basic earnings per common share was \$0.29 per common share in fiscal 2000 compared to \$0.86 per common share in fiscal 1999.

RESULTS OF OPERATIONS

The following table sets forth certain results of operations as a percentage of revenues:

Fiscal Year Ended September 30,	2000	1999	1998

Percent of revenues:			
Revenues:			
Research	59%	65%	68%
Consulting	24	21	17
Events	13	10	8
Other	4	4	5
Learning	--	--	2

Total revenues	100	100	100
Costs and expenses:			
Cost of services and product development	47	40	39
Selling, general and administrative	39	34	34
Depreciation	3	3	3
Amortization of intangibles	3	1	1
Other charges	2	4	0
Acquisition-related charge	--	--	1

Total costs and expenses	94	82	78

Operating income	6	18	22
Net gain (loss) on sale of investments	3	--	0
Interest income and other	0	1	2
Interest expense	(3)	0	0

Income before provision for income taxes and extraordinary loss	6	19	24
Provision for income taxes	3	7	10

Income before extraordinary loss	3	--	--
Loss on debt extinguishment, net of tax benefit	0	--	--

Net income	3%	12%	14%
=====			

FISCAL YEAR ENDED SEPTEMBER 30, 2000
VERSUS FISCAL YEAR ENDED SEPTEMBER 30, 1999

Total revenues increased 17% to \$858.7 million in fiscal 2000 as compared to \$734.2 million in fiscal 1999. Revenues from research products increased 6% in fiscal 2000 to \$509.8 million compared to \$479.0 million in fiscal 1999 and comprised approximately 59% and 65% of total revenues in fiscal 2000 and 1999, respectively. Consulting revenue, consisting primarily of consulting and measurement engagements, increased 39%, to \$208.8 million in fiscal 2000 as compared to \$149.8 million in fiscal 1999 and comprised approximately 24% of total revenue in fiscal 2000 versus 21% in fiscal 1999. Events revenue was \$108.6 million in fiscal 2000, an increase of 44% over the \$75.6 million in fiscal 1999. Other revenues, consisting principally of software licensing fees and TechRepublic, experienced a slight increase of \$1.7 million to \$31.5 million in fiscal 2000 from \$29.8 million in fiscal 1999. Although the rate of growth in total Company revenues declined slightly in fiscal 2000, the increase in total revenues reflects the ability of the Company to gain client acceptance of new products and services, deliver high value consultative services, increase sales penetration into new and existing clients and develop incremental revenues from current and prior year acquisitions. Consulting backlog increased 32% to approximately \$94.4 million at September 30, 2000 and represents future revenues that will be recognized on in-process consulting and measurement engagements.

Revenue has grown in the three defined geographic market areas of the Company: United States and Canada, Europe, and Other International. Revenues from sales to United States clients increased 20% to \$567.6 million in fiscal 2000 from \$471.8 million in fiscal 1999. Revenues from sales to European clients increased 9% to \$230.3 million in fiscal 2000 from \$212.1 million in fiscal 1999. Although European revenues increased in fiscal 2000, the rate of growth was less than in fiscal 1999. This decrease in growth rate was attributable, in part, to research revenues remaining relatively unchanged from fiscal 1999 as a result of foreign exchange rates. On a constant dollar basis, revenues from Europe would have increased 16% compared to fiscal 1999. Revenues from sales to Other International clients increased by 21% to \$60.7 million in fiscal 2000 from \$50.3 million in fiscal 1999. This increase reflects primarily the general recovery in the economic climate in the Asian markets from fiscal 1999.

The Company's sales strategy is to continue to extend the Company's sales channels to clients with revenues ranging from \$150 million and up, to maintain its focus on large customers and to expand sales of product and service offerings to smaller companies and to different user bases within existing and potential larger company clients. The Company continues to invest in direct sales personnel and distributor relationships in Europe and Other International markets and intends to pursue continued expansion of operations outside of the United States in fiscal 2001.

Operating income decreased 63% to \$48.2 million in fiscal 2000 compared to \$131.8 million in fiscal 1999. In 2000, the United States and Canada, Europe, and Other International markets experienced declines in operating income of 63%, 63% and 71%, respectively. On a consolidated basis, operating income as a percentage of total revenues was 6% and 18%, respectively, for fiscal 2000 and 1999. Operating income was impacted, in part, by expenditures related to planned investments and rearchitecture of the Company's Web capabilities and the research methodology and delivery processes, the hiring of analysts and consultants, higher growth in lower margin consultative services and other investments to expand and augment TechRepublic's initiatives. Additionally, TechRepublic's operating loss of \$34.2 million in fiscal 2000 impacted significantly the Company's operating income.

Costs and expenses, excluding other charges, increased to \$793.0 million in 2000 from \$572.3 million in 1999. The increase in costs and expenses reflects the additional support required for the growing client base, incremental costs associated with conferences, costs associated with acquired businesses and previously planned strategic investments which included the hiring of additional consultants, analysts, project executives and sales personnel, and spending on sales productivity tools and interactive initiatives. Cost of services and product development expenses were \$398.8 million and \$289.1 million for 2000 and 1999, respectively. The increase in costs of services and product development expenses, as a percentage of total revenues to 47% from 40%, is primarily attributable to continuing growth in personnel costs associated with the development and delivery of products and services and the hiring of personnel in association with the planned strategic investments. Costs and expenses in fiscal 2000 were also impacted by

the amounts earned by employees under the retention bonus program as well as the performance-related variable compensation expense incurred in fiscal 2000. In contrast, costs and expenses in fiscal 1999 were favorably impacted through the elimination of variable compensation costs linked to financial performance.

Selling, general and administrative expenses, increased to \$338.0 million in fiscal 2000 from \$251.6 million in fiscal 1999 as a result of the Company's continued expansion of worldwide distribution channels and additional general and administrative resources needed to meet the expanding infrastructure requirements of the growing revenue base and fiscal 2000 and fiscal 1999 acquisitions. These infrastructure requirements involve information systems support, telecommunication, facilities and human capital costs.

Other charges of \$17.5 million in fiscal 2000 were incurred in relation to a special one-time cash incentive plan designed to enhance retention of key personnel in response to the recapitalization and reorganization of the Company that was initiated in fiscal 1999. In fiscal 1999, the Company recorded pre-tax other charges totaling \$9.2 million of legal and advisory fees related to the recapitalization (see Note 15--Recapitalization in the Notes to Consolidated Financial Statements), \$14.2 million of costs, primarily severance related, incurred as part of strategic reduction in workforce initiatives and \$6.7 million related to the special, retention incentive plan.

Depreciation expense increased to \$28.3 million in fiscal 2000 from \$21.6 million in fiscal 1999, primarily due to capital spending required to support business growth. Additionally, amortization of intangibles increased by \$17.8 million (\$14.8 million of which related to the TechRepublic acquisition) in fiscal 2000 as compared to fiscal 1999, reflecting primarily goodwill associated with fiscal 2000 and 1999 acquisitions and the shorter life of intangibles attributable to Internet related fiscal 2000 acquisitions.

Net gain on sale of investments in fiscal 2000 reflects the sale of 1,995,950 shares of Jupiter Communications, Inc. (now known as Jupiter Media Metrix) for net cash proceeds of \$55.5 million for a pre-tax gain of \$42.9 million. This gain was partially offset by the sale of the Company's 8% investment in NETg, Inc., a subsidiary of Harcourt, Inc., to an affiliate of Harcourt, Inc. for \$36.0 million in cash that resulted in a pre-tax loss of approximately \$6.6 million. The Company had acquired this investment as consideration for its sale of GartnerLearning in September 1998. In addition, the Company negotiated the settlement of a joint venture agreement associated with the sale of GartnerLearning that resulted in a pre-tax loss of approximately \$6.7 million.

Interest expense increased to \$24.9 million in fiscal 2000 from \$1.3 million in fiscal 1999. This increase related primarily to debt facility borrowings, of which the proceeds were used primarily to fund the Company's recapitalization in the prior fiscal year. Interest income and other decreased in fiscal 2000 which was due primarily to a lower average balance of investable funds as compared to the prior fiscal year.

Provision for income taxes decreased by 43% or \$22.2 million to \$28.8 million in fiscal 2000 from \$51.0 million in 1999. The effective tax rate was 52% and 37% for fiscal 2000 and 1999, respectively. The increase in the effective rate principally reflects the impact of non-deductible goodwill related to the TechRepublic acquisition. A more detailed analysis of the changes in the provision for income taxes is provided in Note 13 of the Notes to Consolidated Financial Statements.

In fiscal 2000, the Company entered into a second amendment to the Credit Agreement. Under this amendment, the Company agreed to refinance all existing indebtedness and to repay in full and terminate the term loans drawn under the existing Credit Agreement. In connection with the extinguishment of the term loan, the Company wrote-off \$2.9 million of deferred debt issuance costs in the fourth quarter of fiscal 2000. The charge was recorded, net of tax benefit of \$1.2 million, as an extraordinary loss.

FISCAL YEAR ENDED SEPTEMBER 30, 1999 VERSUS FISCAL YEAR ENDED SEPTEMBER 30, 1998

Total revenues increased 14% to \$734.2 million in fiscal 1999 from \$642.0 million in fiscal 1998. Revenues from research products increased 11% in fiscal 1999 to \$479.0 million compared to \$433.1 million in fiscal 1998 and comprised approximately 65% and 68% of total revenues in fiscal 1999 and 1998, respectively. Consulting revenue, consisting primarily of consulting and measurement engagements, increased 35%, to \$149.8 million in fiscal 1999 as compared to \$111.0 in fiscal 1998 and comprised approximately 21% of total revenue in fiscal 1999 versus 17% in fiscal 1998. Events revenue was \$75.6 million in fiscal 1999, an increase of 54% over \$49.1 million in fiscal 1998. Other revenues, consisting principally of software licensing fees, experienced a slight decrease to \$29.8 million in fiscal 1999 from \$30.7 million in fiscal 1998. Although the rate of growth in Company revenue slowed in fiscal 1999, the increase in total revenues reflected the ability of the Company to gain client acceptance of new products and services, increase sales penetration into new and existing clients, and develop incremental revenues from current and prior year acquisitions. Pricing pressures in the Company's traditional research products from smaller competitors with lower profit margins and less robust product suites contributed to the slowed revenue growth rate. Consulting backlog increased 68% to approximately \$71.6 million at September 30, 1999 and represented future revenues that would be recognized from in-process consulting and measurement engagements.

Revenues from sales to United States and Canadian clients increased 14% to \$471.8 million in fiscal 1999 from \$415.6 million in fiscal 1998. Revenues

from sales to European clients increased 22% to \$212.1 million in fiscal 1999 from \$173.8 million in fiscal 1998. Revenue in Europe, primarily in the Research area, increased as a result of continuing investments to expand penetration of this market, offset in part by lower than expected growth in measurement revenues. Revenues from sales to Other International clients decreased by 4% to \$50.3 million in fiscal 1999 from \$52.6 million in fiscal 1998. This decrease was caused primarily by the general unfavorable economic climate in the Asian markets.

Operating income decreased 8% to \$131.8 million in fiscal 1999 from \$144.0 million in fiscal 1998. Excluding acquisition-related and other charges, operating income in fiscal 1999 increased 7%. Excluding such charges in 1999 and 1998, the United States and Canada experienced an increase of 7% and Europe experienced a 19% growth rate. Other International markets experienced a decline of 24% primarily from a decrease in revenue. Operating income remained favorable as a result of continuing revenue growth that allowed the Company to develop new products and services and to gain economies of scale through the leveraging of its resources (additional revenues have been generated using essentially the same resources). However, operating contribution margin, excluding acquisition related and other charges, decreased in fiscal 1999 to 22% from 24% in fiscal 1998. This decrease was due in part to higher growth in lower margin consultative services. In addition, operating contribution margin from consulting in 1999 declined primarily from lower margin acquisitions.

Costs and expenses, excluding acquisition-related and other charges, increased to \$572.3 million in 1999 from \$490.6 million in 1998, and increased slightly as a percentage of total revenue to 78% in 1999 from 76% in 1998. Cost of

services and product development expenses were \$289.1 million and \$247.9 million for 1999 and 1998, respectively. This increase over the prior fiscal year reflected the additional support required for the growing client base, costs associated with acquired businesses and continued product development costs. The increase in cost of services and product development expenses, as a percentage of total revenues, was primarily attributable to increasing pricing pressure in research products, continuing growth in personnel costs associated with the development of new products and services, and the delivery of products and services to broader markets.

Selling, general and administrative expenses increased to \$251.6 million from \$215.4 million for fiscal 1999 and 1998, respectively, due to the Company's continuing expansion of worldwide distribution channels and the resulting commissions earned on the revenue generated. Although the Company added general and administrative resources to support the growing revenue base, selling, general and administrative expenses remained consistent at 34% of total revenues for fiscal 1999 and 1998, respectively. Costs and expenses in fiscal 2000 were anticipated to be impacted both by the remaining amounts earned by employees under the Company's retention incentive program as well as the fiscal 2000 performance-related variable compensation expense expected to be incurred.

Other charges in fiscal 1999 consisted of \$9.2 million in legal and advisory fees related to the recapitalization (see Note 15--Recapitalization in the Notes to Consolidated Financial Statements), \$14.2 million of costs, primarily severance related, incurred as part of strategic reduction in workforce initiatives and \$6.7 million of bonuses paid in relation to a retention incentive plan approved by the Board of Directors in response to the recapitalization and reorganization. Costs and expenses were favorably impacted in 1999 through the elimination of variable costs linked to financial performance.

Depreciation expense increased to \$21.6 million in fiscal 1999 from \$17.9 million in fiscal 1998, primarily due to capital spending required to support business growth. Additionally, amortization of intangibles increased by \$0.7 million in fiscal 1999 as compared to fiscal 1998, reflecting primarily goodwill associated with fiscal 1999 and 1998 acquisitions.

Interest income and other decreased slightly to \$8.7 million in fiscal 1999, versus \$9.1 million for fiscal 1998, due principally to the sale of cash equivalents and marketable securities to fund the recapitalization and working capital requirements. Interest expense increased to \$1.3 million due to debt facility borrowings of \$250 million.

Provision for income taxes decreased by 19% or \$11.8 million to \$51.0 million in 1999 from \$62.8 million in 1998. The effective tax rate was 37% and 42% for 1999 and 1998, respectively. In 1999, the Company incurred \$8.6 million of non-deductible recapitalization costs during the year, the tax effect of which was partially offset by a one-time income tax benefit of \$2.5 million related primarily to the settlement of certain tax examinations in the second quarter. Absent nondeductible costs, the one-time income tax benefit and additional taxes incurred in fiscal 1998 related to the sale of GartnerLearning, the effective rate was 37% for 1999 and 39% for 1998. The decrease of two percentage points was achieved primarily through the utilization of tax loss and credit carryforwards and ongoing tax planning initiatives. A more detailed analysis of the changes in the provision for income taxes is provided in Note 13 of the Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities during fiscal 2000 was \$75.6 million, compared to \$143.9 million in the prior fiscal year, resulting primarily from the impact of the decrease in net income, the increase in depreciation and amortization, the net gain on sale of investments, the change in deferred tax benefit and the changes in balance sheet accounts, particularly fees receivable, deferred revenues, accounts payable and accrued liabilities. Cash provided by operating activities include a \$4.2 million credit to additional paid-in capital for tax benefits received from stock transactions with employees. The tax benefit of stock transactions with employees is due to a reduction in the corporate income tax liability based on an imputed compensation deduction equal to employees' gain upon the exercise of stock options at an exercise price below fair market value.

Cash used for investing activities totaled \$100.0 million for fiscal 2000, compared to \$1.1 million provided by investing activities in fiscal 1999, due to the effect of cash used for property and equipment additions of \$55.9 million and business acquisitions and investments of \$135.6 million, partially offset by proceeds from the sale of marketable securities and investments of \$55.5 million and \$36.0 million, respectively. During fiscal 2000, the Company used \$115.2 million in cash for acquisitions, primarily for the purchase of TechRepublic, Inc. for \$78.5 million, Computer Financial Consultants Limited for \$16.0 million and Rendall and Associates, Inc. for \$12.0 million.

Cash provided by financing activities totaled \$1.0 million in fiscal 2000, compared to \$213.8 million used for financing activities in fiscal 1999. The cash provided by financing activities resulted primarily from the \$420.0 million in borrowings under the Credit Agreement and issuance of the convertible notes (see Note 9--Long-Term Debt in the Notes to the Consolidated Financial Statements) offset by repayments of \$370.0 million of Credit Agreement borrowings. Additionally, the Company paid \$49.9 million for the repurchase of 2,493,500 shares of Class A Common Stock and 2,006,700 shares of Class B Common Stock under the terms of the recapitalization, as well as \$8.2 million for the settlement of a forward purchase agreement on the Company's common stock. Cash provided by financing activities also includes \$8.1 million in proceeds from the

issuance of common stock upon the exercise of employee stock options.

The effect of exchange rates reduced cash and cash equivalents by \$3.8 million for the year ended September 30, 2000, and was due to the strengthening of the U.S. dollar versus certain foreign currencies. In fiscal 1999, the effect of exchange rates reduced cash and cash equivalents by \$0.1 million. At September 30, 2000, cash and cash equivalents totaled \$61.7 million. The Company issues letters of credit in the ordinary course of business. At September 30, 2000, the Company had outstanding letters of credit for \$1.5 million with Chase Manhattan Bank and \$2.0 million with The Bank of New York. The Company believes that its current cash balances, together with cash anticipated to be provided by operating activities, the sale of marketable equity securities, and borrowings available under the existing senior revolving credit facility, will be sufficient for the expected short-term and foreseeable long-term cash needs of the Company in the ordinary course of business, including capital commitments related to TechRepublic and the Company's remaining obligation to make open market purchases of its common stock required as part of the recapitalization. If the Company were to require substantial amounts of additional capital in the future to pursue business opportunities that may arise involving substantial investments of additional capital, there can be no assurances that such capital will be available to the Company or will be available on commercially reasonable terms. As of September 30, 2000, the Company has a remaining commitment to purchase an additional 662,363 shares of Class A

Common Stock and 4,128 shares of Class B Common Stock in the open market by July 2001. The Company intends to fund this remaining commitment through existing cash balances, cash proceeds anticipated from the sale of marketable equity securities, cash expected to be provided from operations or borrowings available under the senior revolving credit facility. The Company is subject to certain customary affirmative, negative and financial covenants under the senior revolving credit facility, and continued compliance with these covenants could preclude the Company from borrowing the maximum amount of the credit facility. As a result of these covenants, the Company's borrowing availability at September 30, 2000 is \$121.9 million of the \$200.0 million senior revolving credit facility. Additionally, there can be no assurance that the Company's debt service obligations will not have a material adverse effect on the Company's business, results of operations and financial condition. Although a default under the terms of the Company's credit facility could result in an acceleration of the Company's debt obligations, management believes that such an occurrence is not likely.

FACTORS THAT MAY AFFECT FUTURE RESULTS

The Company operates in a very competitive and rapidly changing environment that involves numerous risks and uncertainties, some of which are beyond the Company's control. The following section discusses many, but not all, of these risks and uncertainties.

Competitive Environment The Company faces competition from a significant number of independent providers of information products and services, as well as the internal marketing and planning organizations of the Company's clients. The Company also competes indirectly against consulting firms and other information providers, including electronic and print media companies. These indirect competitors could choose to compete directly with the Company in the future. In addition, limited barriers to entry exist in the Company's market. As a result, additional new competitors may emerge and existing competitors may start to provide additional or complementary services. Increased competition may result in loss of market share, diminished value in the Company's products and services, reduced pricing and increased marketing expenditures. The Company may not be successful if it cannot compete effectively on quality of research and analysis, timely delivery of information, customer service, the ability to offer products to meet changing market needs for information and analysis and price.

Hiring and Retention of Employees The Company's future success depends heavily upon the quality of its senior management, sales personnel, IT analysts, consultants and other key personnel. The Company faces intense competition for these qualified professionals from, among others, technology and Internet companies, market research firms, consulting firms and electronic and print media companies. Some of the personnel that the Company attempts to hire are subject to non-competition agreements that could impede the Company's short-term recruitment efforts. Any failure to retain key personnel or hire additional qualified personnel, as may be required to support the evolving needs of clients or growth in the Company's business, could adversely affect the quality of the Company's products and services, and, therefore, its future business and operating results.

Maintenance of Existing Products and Services The Company operates in a rapidly evolving market and the Company's success depends upon its ability to deliver high quality and timely research and analysis to its clients and to anticipate and understand the changing needs of its clients. Any failure to continue to provide credible and reliable information that is useful to its clients could have a material adverse effect on future business and operating results. Further, if the Company's predictions prove to be wrong or are not substantiated by appropriate research, the Company's reputation may suffer and demand for its products and services may decline.

Introduction of New Products and Services The market for the Company's products and services are characterized by rapidly changing needs for information and analysis. To maintain its competitive position, the Company must continue to successfully enhance and improve its products and services, develop or acquire new products and services in a timely manner, and appropriately position and price products and services. Any failure to successfully do so could have a material adverse effect on the Company's business, results of operations or financial position. In addition, the Company must continue to improve its methods for delivering its products and services. For example, the Company believes that it needs to continue to invest in and develop its ability to use the Web as a delivery channel for products and services. Failure to increase and improve the Company's Web capabilities could adversely affect the Company's future business and operating results.

Expanding Markets The Company has recently begun to expand its product and service offerings to smaller companies and to different user bases within existing and potential larger company clients. These target market segments are relatively new to the Company's sales and marketing personnel. As a result, the Company may not be able to compete effectively or generate significant revenues in these new market segments.

Internet Business Risks The Company, through TechRepublic, operates a Web site targeted to IT professionals that offers IT industry news, analysis, articles, forums, event listings and job, peer and vendor directories. The majority of revenues from this business are derived from advertising and subscriptions. The Company's ability to continue to achieve and grow significant advertising revenues depends upon growth of its user base, the user base being attractive to advertisers, the ability to derive demographic and other information from users, and acceptance by advertisers of the Web as an advertising medium. Similarly, the Company's ability to generate significant subscription revenues depends on its ability to continue to develop content and services that are attractive to

its user base. If the Company was unable to successfully adapt to the needs of its users and advertisers, the Company's Internet business would be materially and adversely affected.

International Operations A substantial portion of the Company's revenues are derived from international sales. As a result, the Company's operating results are subject to the risks inherent in international business activities, including general political and economic conditions in each country, changes in market demand as a result of exchange rate fluctuations and tariffs, challenges in staffing and managing foreign operations, changes in regulatory requirements, compliance with numerous foreign laws and regulations, different or overlapping tax structures, higher levels of United States taxation on foreign income, and the difficulty of

enforcing client agreements and protecting intellectual property rights in international jurisdictions. Additionally, the Company relies on local distributors or sales agents in some international locations. If any of these arrangements are terminated, the Company may not be able to replace the terminated arrangement on equally beneficial terms or on a timely basis or clients of the local distributor or sales agent may not want to continue to do business with the Company or its new agent.

Branding The Company believes that its Gartner brand is critical to the Company's efforts to attract and retain clients and that the importance of brand recognition will increase as competition increases. The Company expects to expand its marketing activities to promote and strengthen the Gartner brand and may need to increase its marketing budget, hire additional marketing and public relations personnel, expend additional sums to protect the brand and otherwise increase expenditures to create and maintain brand loyalty among clients. If the Company fails to effectively promote and maintain the Gartner brand, or incurs excessive expenses in attempting to do so, the Company's future business and operating results could be materially and adversely impacted.

Investment Activities The Company maintains investments in equity securities in private and publicly-traded companies through direct ownership and through wholly and partially owned venture capital funds. The companies invested in are primarily early to mid-stage IT-based and Internet-enabled businesses. It is the Company's objective to seek financial returns from these investments as an additional source of capital to fund strategic initiatives. The risks related to such investments, due to their nature and the volatile public markets, include the possibilities that anticipated returns may not materialize or could be significantly delayed. As a result, the Company's financial results could be materially impacted.

Significant Indebtedness In connection with its recapitalization transactions (see Note 15--Recapitalization in the Notes to Consolidated Financial Statements) and strategic repositioning, which include the purchase and continued investment in TechRepublic, the Company has incurred significant indebtedness. The associated debt service could impair future operating results. Further, the outstanding debt could limit the amount of cash or additional credit available to the Company, which in turn, could restrain the Company's ability to expand or enhance products and services, respond to competitive pressures or pursue business opportunities that may arise in the future and involve substantial investments of additional capital. In addition, the convertible notes issued by the Company (see Note 9--Long-Term Debt in the Notes to Consolidated Financial Statements) contain a reset provision allowing in fiscal 2001 for the possible reduction of the conversion price under certain conditions. If the Company did not elect to redeem the convertible notes in the event of a reset, the impact of a reduction in the conversion price would result in additional shares of common stock being issued (compared to the amount that would be issued based on the original conversion price) if the notes are ultimately converted into shares. Correspondingly, if the Company elected to redeem the convertible notes in the event of a reset, there can be no assurances that the capital required to be raised would be available on commercially reasonable or comparable terms which in turn could impact future business and operating results.

Organizational and Product Integration Related to Acquisitions The Company has made and expects to continue to make acquisitions of, or significant investments in, businesses that offer complementary products and services. The risks involved in each acquisition or investment include the possibility of paying more than the value the Company derives from the acquisition, the assumption of undisclosed liabilities and unknown and unforeseen risks, the difficulty of integrating the operations and personnel of the acquired business, the ability to retain key personnel of the acquired company, the time to train the sales force to market and sell the products of the acquired company, the potential disruption of the Company's ongoing business and the distraction of management from the Company's business. The Company may also incur additional debt or issue equity securities to pay for future acquisitions.

Enforcement of the Company's Intellectual Rights The Company relies on a combination of copyright, patent, trademark, trade secrets, confidentiality procedures and contractual procedures to protect its intellectual property rights. Despite the Company's efforts to protect its intellectual property rights, it may be possible for unauthorized third parties to obtain and use technology or other information that the Company regards as proprietary. In addition, the Company's intellectual property rights may not survive a legal challenge to their validity or provide significant protection for the Company. Furthermore, the laws of certain countries do not protect the Company's proprietary rights to the same extent as do the laws of the United States. Accordingly, the Company may not be able to protect its intellectual property against unauthorized third party copying or use, which could adversely affect the Company's competitive position.

Agreements with IMS Health Incorporated In connection with its recapitalization, the Company agreed to certain restrictions on business activity to reduce the risk to IMS Health and its stockholders of substantial tax liabilities associated with the spinoff by IMS Health of its equity interest in the Company. The Company also agreed to assume the risk of such tax liabilities if the Company were to undertake certain business activities that give rise to the liabilities. As a result, the Company may be limited in its ability to undertake acquisitions involving the issuance of a significant amount of stock unless the Company were to seek and obtain a ruling from the IRS that the transaction will not give rise to such tax liabilities. In addition, the Company has certain limits in purchasing its common stock under the terms of the recapitalization.

Possibility of Infringement Claims Third parties may assert infringement claims

against the Company in the future. Regardless of the merits, responding to any such claim could be time consuming, result in costly litigation and require the Company to enter into royalty and licensing agreements which may not be offered or available on terms acceptable to the Company. If a successful claim is made against the Company and the Company fails to develop or license a substitute technology, the Company's business, results of operations or financial position could be materially adversely affected.

Potential Fluctuations in Operating Results The Company's quarterly operating income may fluctuate in the future as a result of a number of factors, including the timing of the execution of research contracts, the performance of consulting engagements, the timing of symposia and other events, the amount of new business generated by the Company, the restructuring of the Company's sales force and the change in territories of sales personnel at the end of each fiscal year, the mix of domestic and international business, changes in market demand for the Company's products and services, the timing of the development, introductions and marketing of new products and services, the results of operations of TechRepublic and competition in the industry. As a result, the Company's operating results in any quarter are not necessarily a good predictor of its operating results for any future period.

FORWARD-LOOKING STATEMENTS

In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Factors That May Affect Future Results" above. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date hereof. The Company undertakes no obligation to revise or update these forward-looking statements. Readers should also carefully review the risk factors described in other documents the Company files from time to time with the Commission.

EURO CONVERSION

On January 1, 1999, eleven of the fifteen member countries of the European Union established fixed conversion rates between their sovereign currencies and a new currency called the "euro" and adopted the euro as their common legal currency. In 2002, participating countries will adopt the euro as their single currency. Beginning that date, the participating countries will issue new euro-denominated bills and coins for use in cash transactions. Legacy currency will no longer be legal tender for any transactions beginning July 1, 2002, making conversion to the euro complete.

As of September 30, 2000, the Company has not found the impact of the adoption of the euro to have an impact on the competitive conditions in European markets and does not believe that the translation of financial transactions into euros has had or will have a significant effect on the Company's results of operations, liquidity, or financial condition. Additionally, the Company does not anticipate any material impact from the euro conversion on the Company's financial information systems which currently accommodate multiple currencies. Costs associated with the adoption of the euro have not been and are not expected to be significant and are being expensed as incurred.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133") was issued. FAS 133, as amended by FAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" establishes a new model for accounting for derivatives and hedging activities. The Statement requires all derivatives be recognized in the statement of financial position as either assets or liabilities and measured at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in fair value will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. In June 1999, Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133," was issued. Citing concerns about the ability of companies to modify their information systems in time to apply the new model for accounting for derivatives and hedging activities, FAS 137 was issued to delay the effective date for one year to fiscal years beginning after June 15, 2000, or October 1, 2000 for the Company. The Company does not currently have any derivative instruments or engage in any hedging activities. The adoption of this statement will not have a material impact on the Company's financial position or results of operations.

In December 1999, the Securities and Exchange Commission (the "Commission") issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which summarized certain views of the Commission in applying generally accepted accounting principles to revenue recognition in financial statements. The Company believes that its current revenue recognition policies are consistent with the guidance of SAB 101.

In March 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation--An Interpretation of Accounting Principles Board ("APB") Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 regarding the definition of an employee for purposes of applying Opinion No. 25, the criteria for determining whether a plan qualifies as a noncompensatory plan, the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and the accounting for an exchange of stock compensation awards in a business combination. In general, this interpretation is effective July 1, 2000. The adoption of FIN 44 in fiscal 2000 did not have a material impact on the Company's consolidated results of operations or financial position.

In March 2000, the Emerging Issues Task Force reached a consensus on Issue No. 00-2 "Accounting for Web Site Development Costs" ("EITF Issue No. 00-2"), which applies to all Web site development costs incurred for quarters beginning after June 30, 2000. The consensus states that the accounting for specific Web site development costs should be based on a model consistent with AICPA Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Company believes that its current Web site development costs accounting policies are consistent with the guidance of EITF Issue No. 00-2.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk for changes in interest rates relates primarily to borrowings under the Company's unsecured senior revolving credit facility with The Chase Manhattan Bank. These borrowings bear interest at variable rates and the fair value of this indebtedness is not significantly affected by changes in market interest rates. An increase or decrease of 10% in the current effective interest rates under the Credit Agreement would not have a material effect on the Company's results of operations.

In addition, the Company is exposed to market risk from a series of forward purchase agreements on its Class A Common Stock. As of September 30, 2000, a forward purchase agreement in place covered approximately \$9.3 million or 672,365 shares of Class A Common Stock having a forward purchase price established at \$13.81 per share. If the market priced portion of this agreement was settled based on the September 30, 2000 market price of Class A Common Stock (\$11.63 per share), the Company would settle under the terms of the forward purchase agreement with a payment of either \$1.5 million in cash or 126,316 shares of Class A Common Stock.

Amounts invested in the Company's foreign operations are translated into U.S. dollars at the exchange rates in effect at September 30, 2000. The resulting translation adjustments are recorded as a component of Accumulated other comprehensive income (loss) in the Stockholders' equity section of the Consolidated Balance Sheets.

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September 30, (in thousands, except share data)	2000	1999

ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 61,698	\$ 88,894
Marketable equity securities	35,404	--
Fees receivable, net of allowances of \$5,004 in 2000 and \$4,938 in 1999	326,359	282,047
Deferred commissions	46,756	31,332
Prepaid expenses and other current assets	42,651	29,911

Total current assets	512,868	432,184
Property, equipment and leasehold improvements, net	91,259	63,592
Intangible assets, net	315,197	223,100
Other assets	83,641	84,568

Total assets	\$ 1,002,965	\$ 803,444
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 201,407	\$ 117,363
Deferred revenues	385,932	354,517

Total current liabilities	587,339	471,880

Long-term debt	307,254	250,000
Other liabilities	33,552	7,078
Commitments and contingencies		
Stockholders' equity:		
Preferred stock:		
\$.01 par value, authorized 5,000,000 shares; none issued or outstanding	--	--
Common stock:		
\$.0005 par value, authorized 166,000,000 shares of Class A Common Stock and 84,000,000 shares of Class B Common Stock; issued 77,483,438 shares of Class A Common Stock (76,129,558 in 1999) and 40,689,648 shares of Class B Common Stock in 2000 and in 1999	59	58
Additional paid-in capital	333,828	314,829
Unearned compensation	(6,451)	(8,280)
Accumulated other comprehensive income (loss)	(1)	(3,830)
Accumulated earnings	182,286	156,740
Treasury stock, at cost, 23,740,562 shares of Class A Common Stock (21,448,536 in 1999) and 8,129,732 shares of Class B Common Stock (6,123,032 in 1999)	(434,901)	(385,031)

Total stockholders' equity	74,820	74,486

Total liabilities and stockholders' equity	\$ 1,002,965	\$ 803,444
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See Notes to Consolidated Financial Statements

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Year Ended September 30, (in thousands, except per share data)	2000	1999	1998
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Revenues:			
Research	\$ 509,781	\$ 479,045	\$ 433,141
Consulting	208,810	149,840	110,955
Events	108,589	75,581	49,121
Other	31,491	29,768	30,664
Learning	--	--	18,076
<hr/>			
Total revenues	858,671	734,234	641,957
Costs and expenses:			
Cost of services and product development	398,773	289,053	247,913
Selling, general and administrative	338,031	251,571	215,416
Depreciation	28,332	21,592	17,909
Amortization of intangibles	27,824	10,041	9,357
Other charges	17,501	30,130	2,819
Acquisition-related charge	--	--	4,494
<hr/>			
Total costs and expenses	810,461	602,387	497,908
<hr/>			
Operating income	48,210	131,847	144,049
Net gain (loss) on sale of investments	29,630	--	(1,973)
Interest income and other	3,161	8,672	9,139
Interest expense	(24,900)	(1,272)	(94)
<hr/>			
Income before provision for income taxes and extraordinary loss	56,101	139,247	151,121
Provision for income taxes	28,826	50,976	62,774
<hr/>			
Income before extraordinary loss	27,275	88,271	88,347
Loss on debt extinguishment, net of tax benefit of \$1,152	1,729	--	--
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Net income	\$ 25,546	\$ 88,271	\$ 88,347
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Net income per common share:			
Basic:			
Income before extraordinary loss	\$.31	\$.86	\$.88
Extraordinary loss	\$ (.02)	--	--
Net income	\$.29	\$.86	\$.88
Diluted:			
Income before extraordinary loss	\$.30	\$.84	\$.84
Extraordinary loss	\$ (.02)	--	--
Net income	\$.29	\$.84	\$.84
Weighted average shares outstanding:			
Basic	86,985	102,226	100,194
<hr/>			
Diluted	89,529	104,948	105,699
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See Notes to Consolidated Financial Statements

(in thousands, except share data)	Preferred Stock	Common Stock	Additional Paid-in Capital	Unearned Compensation
Balance September 30, 1997	\$ 0	\$ 54	\$ 179,017	\$ 0
Net income	--	--	--	--
Foreign currency translation adjustments	--	--	--	--
Comprehensive income	--	--	--	--
Issuance of 5,370,690 shares of Class A Common Stock upon exercise of stock options	--	3	35,727	--
Issuance from treasury stock of 195,904 shares of Class A Common Stock for purchases by employees	--	--	5,885	--
Tax benefits of stock transactions with employees	--	--	47,273	--
Net share settlement of 365,949 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	(12,045)	--
Acquisition of 655,800 shares of Class A Common Stock	--	--	--	--
302,003 shares of Class A Common Stock received in settlement of officer loans	--	--	--	--
Issuance from treasury stock of 225,927 shares of Class A Common Stock related to acquisitions	--	--	6,919	--
Balance September 30, 1998	0	57	262,776	0
Net income	--	--	--	--
Foreign currency translation adjustments	--	--	--	--
Comprehensive income	--	--	--	--
Issuance of 2,648,169 shares of Class A Common Stock upon exercise of stock options	--	1	18,032	--
Issuance from treasury stock of 286,033 shares of Class A Common Stock for purchases by employees	--	--	4,842	--
Tax benefits of stock transactions with employees	--	--	15,096	--
Net share settlement of 155,962 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	(10,900)	--
Special cash dividend paid	--	--	--	--
Restricted stock award of 452,000 shares of Class A Common Stock, net of forfeitures	--	--	9,940	(9,940)
Dutch auction repurchase of 9,636,247 shares of Class A Common Stock and 6,123,032 shares of Class B Common Stock	--	--	--	--
Acquisition of 65,500 shares of Class A Common Stock	--	--	--	--
Issuance of 663,716 shares of Class A Common Stock related to acquisitions	--	--	15,043	--
Amortization of unearned compensation	--	--	--	1,660
Balance September 30, 1999	\$ 0	\$ 58	\$ 314,829	\$ (8,280)

(in thousands, except share data)	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Treasury Stock	Total Stockholders' Equity
Balance September 30, 1997	\$ (1,098)	\$ 105,138	\$ (13,241)	\$ 269,870
Net income	--	88,347	--	88,347
Foreign currency translation adjustments	(1,057)	--	--	(1,057)
Comprehensive income	--	--	--	87,290
Issuance of 5,370,690 shares of Class A Common Stock upon exercise of stock options	--	--	--	35,730
Issuance from treasury stock of 195,904 shares of Class A Common Stock for purchases by employees	--	--	184	6,069
Tax benefits of stock transactions with employees	--	--	--	47,273
Net share settlement of 365,949 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	--	(12,045)
Acquisition of 655,800 shares of Class A Common Stock	--	--	(16,187)	(16,187)
302,003 shares of Class A Common Stock received in settlement of officer loans	--	--	(9,985)	(9,985)
Issuance from treasury stock of 225,927 shares of Class A Common Stock related to acquisitions	--	--	4	6,923
Balance September 30, 1998	(2,155)	193,485	(39,225)	414,938
Net income	--	88,271	--	88,271
Foreign currency translation adjustments	(1,675)	--	--	(1,675)
Comprehensive income	--	--	--	86,596
Issuance of 2,648,169 shares of Class A Common Stock upon exercise of stock options	--	--	--	18,033
Issuance from treasury stock of 286,033 shares of Class A Common Stock for purchases by employees	--	--	6	4,848
Tax benefits of stock transactions with employees	--	--	--	15,096
Net share settlement of 155,962 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	--	(10,900)
Special cash dividend paid	--	(125,016)	--	(125,016)
Restricted stock award of 452,000 shares of Class A Common Stock, net of forfeitures	--	--	--	--
Dutch auction repurchase of 9,636,247 shares of Class A Common Stock and 6,123,032 shares of Class B Common Stock	--	--	(344,633)	(344,633)

Acquisition of 65,500 shares of Class A Common Stock	--	--	(1,192)	(1,192)
Issuance of 663,716 shares of Class A Common Stock related to acquisitions	--	--	13	15,056
Amortization of unearned compensation	--	--	--	1,660

Balance September 30, 1999	\$ (3,830)	\$ 156,740	\$(385,031)	\$ 74,486

(continued)

(Consolidated Statements of Changes in Stockholders' Equity, continued)

(in thousands, except share data)	Preferred Stock	Common Stock	Additional Paid-in Capital	Unearned Compensation
Balance September 30, 1999	\$ 0	\$ 58	\$ 314,829	\$ (8,280)
Net income	--	--	--	--
Foreign currency translation adjustments	--	--	--	--
Net unrealized gain on marketable investments, net of tax effect of \$12,084	--	--	--	--
Comprehensive income	--	--	--	--
Issuance of 1,379,306 shares of Class A Common Stock upon exercise of stock options	--	1	8,091	--
Issuance from treasury stock of 394,279 shares of Class A Common Stock for purchases by employees	--	--	5,008	--
Tax benefits of stock transactions with employees	--	--	4,179	--
Net share settlement of 155,792 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	(8,200)	--
Restricted stock net forfeitures of 27,500 shares of Class A Common Stock	--	--	(719)	719
Acquisition of 2,493,500 shares of Class A and 2,006,700 shares of Class B Common Stock	--	--	--	--
Increase in carrying value of Jupiter Media Metrix	--	--	8,321	--
Issuance of 2,074 shares of Class A Common Stock issued for services rendered	--	--	42	--
Option to purchase subsidiary shares	--	--	1,000	--
Return of 37,013 shares of Class A Common Stock related to acquisitions	--	--	(723)	--
Issuance of subsidiary stock related to an acquisition	--	--	2,000	--
Amortization of unearned compensation	--	--	--	1,110
Balance September 30, 2000	\$ 0	\$ 59	\$ 333,828	\$ (6,451)

(in thousands, except share data)	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Treasury Stock	Total Stockholders' Equity
Balance September 30, 1999	\$ (3,830)	\$ 156,740	\$(385,031)	\$ 74,486
Net income	--	25,546	--	25,546
Foreign currency translation adjustments	(11,667)	--	--	(11,667)
Net unrealized gain on marketable investments, net of tax effect of \$12,084	15,496	--	--	15,496
Comprehensive income	--	--	--	29,375
Issuance of 1,379,306 shares of Class A Common Stock upon exercise of stock options	--	--	--	8,092
Issuance from treasury stock of 394,279 shares of Class A Common Stock for purchases by employees	--	--	8	5,016
Tax benefits of stock transactions with employees	--	--	--	4,179
Net share settlement of 155,792 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	--	(8,200)
Restricted stock net forfeitures of 27,500 shares of Class A Common Stock	--	--	--	--
Acquisition of 2,493,500 shares of Class A and 2,006,700 shares of Class B Common Stock	--	--	(49,877)	(49,877)
Increase in carrying value of Jupiter Media Metrix	--	--	--	8,321
Issuance of 2,074 shares of Class A Common Stock issued for services rendered	--	--	--	42
Option to purchase subsidiary shares	--	--	--	1,000
Return of 37,013 shares of Class A Common Stock related to acquisitions	--	--	(1)	(724)
Issuance of subsidiary stock related to an acquisition	--	--	--	2,000
Amortization of unearned compensation	--	--	--	1,110
Balance September 30, 2000	\$ (1)	\$ 182,286	\$(434,901)	\$ 74,820

See Notes to Consolidated Financial Statements

(Consolidated Statements of Cash Flows)

Year Ended September 30, (in thousands)	2000	1999	1998
<hr/>			
Operating activities:			
Net income	\$ 25,546	\$ 88,271	\$ 88,347
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization of intangibles	56,156	31,633	27,266
Deferred compensation	2,151	1,660	--
Tax benefit associated with employee exercise of stock options	4,179	15,096	47,273
Acquisition-related charge	--	--	4,494
Provision for doubtful accounts	4,256	5,128	4,051
Equity in loss of minority owned companies	776	846	512
Deferred revenues	36,993	57,270	30,292
Deferred tax (benefit) expense	(10,474)	6,648	906
Net (gain) loss on sale of investments	(29,630)	--	1,973
Accretion of interest and amortization of debt issue costs	9,520	--	--
Loss on debt extinguishment, net of tax benefit	1,729	--	--
Acquisition-related tax benefit applied to reduce goodwill	966	327	--
Changes in assets and liabilities, net of effects of acquisitions:			
Increase in fees receivable	(53,414)	(40,628)	(39,737)
Increase in deferred commissions	(16,552)	(3,186)	(5,132)
(Increase) decrease in prepaid expenses and other current assets	(12,074)	381	(10,645)
Increase in other assets	(11,190)	(4,880)	(5,100)
Increase (decrease) in accounts payable and accrued liabilities	66,627	(14,651)	568
<hr/>			
Cash provided by operating activities	75,565	143,915	145,068
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Investing activities:			
Payments for businesses acquired (excluding cash acquired)	(115,162)	(57,769)	(45,418)
Proceeds from sale of marketable securities	55,516	--	--
Proceeds from sale of investments	36,000	--	5,000
Payments for investments	(20,427)	(13,960)	(19,814)
Addition of property, equipment and leasehold improvements	(55,895)	(31,747)	(24,269)
Marketable debt securities sold (purchased), net	--	104,550	(58,220)
Loans to officers	--	--	(2,475)
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Cash (used for) provided by investing activities	(99,968)	1,074	(145,196)
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(continued)

Year Ended September 30, (in thousands)	2000	1999	1998

Financing activities:			
Proceeds from the exercise of stock options	8,092	18,033	35,730
Proceeds from Employee Stock Purchase Plan offering	5,016	4,842	5,885
Net cash settlement on forward purchase agreement	(8,200)	(10,900)	(12,045)
Purchase of treasury stock	(49,877)	(345,819)	(13,931)
Proceeds from issuance of debt and related option	420,000	250,000	--
Payments on debt	(370,000)	--	--
Payments for debt issuance costs	(3,993)	(4,925)	--
Dividends paid	--	(125,016)	--

Cash provided by (used for) financing activities	1,038	(213,785)	15,639

Net (decrease) increase in cash and cash equivalents	(23,365)	(68,796)	15,511
Effect of exchange rates on cash and cash equivalents	(3,831)	(54)	(182)
Cash and cash equivalents, beginning of period	88,894	157,744	142,415

Cash and cash equivalents, end of period	\$ 61,698	\$ 88,894	\$ 157,744
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Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	\$ 14,964	\$ 976	--
Income taxes	\$ 13,685	\$ 47,045	\$ 7,721
Supplemental schedule of non-cash investing and financing activities:			
Change in net unrealized gain on marketable securities	\$ 16,548	--	--
Change in carrying value of Jupiter Media Metrix due to the public offering of unissued shares	\$ 7,269	--	--
Common stock received in settlement of officer loans and related interest	--	--	\$ 9,985
Equity interest received in connection with sale of GartnerLearning	--	--	\$ 42,500
Stock issued by Company and subsidiary in connection with acquisitions	\$ 2,000	\$ 15,056	\$ 6,923
Option to purchase subsidiary shares issued by Company	\$ 1,000	--	--
Treasury stock transactions settled subsequent to year end	--	--	\$ 2,072

See Notes to Consolidated Financial Statements

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation The consolidated financial statements include the accounts of Gartner Group, Inc. (the "Company") and its majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated. The results of operations for acquisitions of companies accounted for using the purchase method have been included in the Consolidated Statements of Operations beginning on the closing date of acquisition. The Company's investments in 20% to 50% owned companies in which it has the ability to exercise significant influence over operating and financial policies are accounted for on the equity method.

Revenue and commission expense recognition Revenue from research products is deferred and recognized as products are delivered, and as the Company's obligation to the client is completed over the contract term. Consulting revenues, primarily derived from consulting and measurement engagements, are recognized as work is performed on a contract by contract basis. Events revenue is deferred and recognized upon the completion of the related symposium, exposition or conference. In addition, the Company defers direct event related costs until completion of the related symposium, exposition or conference. Other revenues includes software licensing fees which are recognized when delivery has occurred and when collectibility is probable, and the fees are fixed or determinable, as well as Web based advertising revenues, which are recognized when an advertisement is delivered to a user of the Internet network. The Company's policy is to record at the time of signing of a research and measurement contract the fees receivable and related deferred revenues for the full amount of the contract billable on that date. All research and measurement contracts are non-cancelable and non-refundable, except for government contracts, which have a 30-day cancellation clause. Government contracts have not produced material cancellations to date. All research and measurement contracts are billable upon signing, absent special terms granted on a limited basis. The Company also records the related commission obligation upon the signing of the contract and amortizes the corresponding deferred commission expense over the contract period in which the related revenues are earned and amortized to income.

Cash and cash equivalents Marketable securities that mature within three months of purchase are considered cash equivalents. Investments with maturities of more than three months are classified as marketable securities. During the year ended September 30, 1999, the Company sold all debt securities with maturities of more than three months at the amortized cost of \$43.2 million to finance a portion of the Company's recapitalization (see Note 15--Recapitalization).

Investments in equity securities The Company accounts for its investments in publicly traded equity securities under Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("FAS 115"). In accordance with FAS 115, unrealized gains on marketable investments are classified as available-for-sale securities and are carried net of tax as a component of Accumulated other comprehensive income in the Stockholders' equity section of the Consolidated Balance Sheets. Investments that are not publicly traded are carried at cost. A decline in the market value of an available-for-sale investment below cost deemed to be other than temporary results in a reduction in the carrying value amount to fair value. The impairment would be charged to earnings and a new cost basis for the security established. The cost of equity securities sold is based on specific identification. Publicly traded equity securities that are expected to be sold within one year of the balance sheet date are classified as Marketable equity securities on the Consolidated Balance Sheets. All other investments are included in Other assets on the Consolidated Balance Sheets.

Property, equipment and leasehold improvements Property, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Property and equipment 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 assets or the remaining term of the related leases.

Impairment of long-lived assets and intangible assets The Company regularly reviews long-lived assets and intangible assets for impairment. Management's policy regarding long-lived assets and intangible assets is to evaluate the recoverability of these assets when the facts and circumstances suggest that these assets may be impaired. Should events or circumstances indicate that the carrying value may not be recoverable based on undiscounted future cash flows, an impairment loss measured by the difference between the discounted future cash flows (or another acceptable method for determining fair value) and the carrying value of the long-lived assets would be recognized by the Company. This analysis relies on a number of factors including operating results, business plans, budgets, economic projections and changes in management's strategic direction.

Software development costs The Company capitalizes certain computer software development costs and enhancements upon the establishment of technological feasibility, limited to the net realizable value of the software product, and ceases when the software product is available for general release to clients. Until these products reach technological feasibility, all costs related to development efforts are charged to expense. Once technological feasibility has been determined, additional costs incurred in development, including coding, testing, and documentation, are capitalized. Amortization of software development costs is provided on a product-by-product basis over the estimated economic life of the software, generally two years, using the straight-line method. Amortization of capitalized computer software development costs begins when the products are available for general release to customers. Additionally, the Company capitalizes certain costs that are incurred to purchase or to create and implement internal use software. The Company performs periodic reviews to ensure that unamortized capitalized software development costs remain recoverable from future revenue.

Intangible assets Intangible assets include goodwill, non-compete agreements, tradenames and other intangibles. 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. Amortization is recorded using the straight-line method over periods ranging from three to thirty years. Non-compete agreements are being amortized on a straight-line basis over the period of the agreement ranging from two to five years. Tradenames are being amortized on a straight-line basis over their estimated useful lives ranging from nine to twelve years.

Foreign currency translation All assets and liabilities of foreign subsidiaries are translated into U.S. dollars at fiscal year-end exchange rates. Income and expense items are translated at average exchange rates prevailing during the year. The resulting translation adjustments are recorded as a component of stockholders' equity.

Income taxes Deferred tax assets and liabilities are recognized based on differences between the book and tax basis of assets and liabilities using presently enacted tax rates. The provision for income taxes is the sum of the amount of income tax paid or payable for the year as determined by applying the provisions of enacted tax laws to taxable income for that year and the net changes during the year in the Company's deferred tax assets and liabilities. Undistributed earnings of subsidiaries outside of the U.S. amounted to approximately \$33.0 million as of September 30, 2000, and will either be indefinitely reinvested or remitted substantially free of U.S. tax. Accordingly, no material provision has been made for taxes that may be payable upon remittance of such earnings, nor is it practicable to determine the amount of this liability. The Company credits additional paid-in capital for realized tax benefits arising from stock transactions with employees. The tax benefit on a nonqualified stock option is equal to the tax effect of the difference between the market price of a share of the Company's common stock on the exercise and grant dates.

Fair value of financial instruments Most of the Company's financial instruments, including cash, trade receivables and payables, and accruals are short-term in nature. Accordingly, the carrying amounts of these financial instruments approximate their fair value (see Note 11 regarding forward purchase agreements). Investments in publicly traded equity securities are valued based on quoted market prices. Investments in equity securities that are not publicly traded are valued at cost, which approximates fair market value.

The carrying amounts of long-term debt approximates fair value as the rates of interest on these credit facilities approximate current market rates of interest for similar instruments with comparable maturities. The Company believes that it is not practical to estimate a fair value different from the carrying face value of the \$300.0 million of 6% convertible subordinated notes given the numerous features that are unique to these convertible notes (see Note 9--Long-Term Debt).

Concentrations of credit risk Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and fees receivable. Concentrations of credit risk with respect to fees receivable are limited due to the large number of clients comprising the Company's client base and their dispersion across many different industries and geographic regions.

Use of estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures, if any, of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates are used when accounting for such items as allowance for doubtful accounts, depreciation, amortization, income taxes and certain accrued liabilities.

Reclassifications In July 2000, the Emerging Issues Task Force reached a consensus on Issue No. 00-15, "Classification in the Statement of Cash Flows of the Income Tax Benefit Received by a Company upon Exercise of a Nonqualified Employee Stock Option" which requires that stock option income tax benefits be classified as cash from operations in the cash flows statement. Prior period Consolidated Statements of Cash Flows have been restated to conform to this presentation. Certain other reclassifications have been made in the prior years financial statements to conform with the year ended September 30, 2000 presentation.

NOTE 2 : BUSINESS ACQUISITIONS

On October 7, 1998, the Company acquired all the assets and assumed the liabilities of Griggs-Anderson, Inc., for \$10.9 million in cash and 305,808 shares of Class A Common Stock of the Company, which had an approximate fair market value of \$7.3 million. Griggs-Anderson, Inc. provides custom market research to vendors in the technology marketplace, research and surveys for the evaluation of Web sites for effectiveness of content, technical performance, ease of navigation, impact of

graphics, and demographic profiles of users. The acquisition was accounted for by the purchase method and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was \$16.9 million, of which \$15.5 million has been recorded as goodwill, which is being amortized over 30 years. In addition, \$1.4 million of the purchase price was allocated to a non-compete agreement which is being amortized over 5 years.

On November 13, 1998, the Company acquired all of the outstanding shares of Wentworth Research, Limited ("Wentworth") for \$8.3 million in cash. Wentworth provides research and advisory services to chief information officers and the senior information technology management community in the United Kingdom and Hong Kong. The acquisition was accounted for by the purchase method, and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately \$10.5 million, of which \$9.7 million has been recorded as goodwill, which is being amortized over 30 years. In addition, \$0.8 million of the purchase price was allocated to a non-compete agreement which is being amortized over 2 years.

On January 1, 1999, the Company acquired all of the assets and assumed the liabilities of G2R, Inc. ("G2R") for \$7.8 million in cash and 358,333 shares of Class A Common Stock of the Company which had an approximate fair market value of \$7.8 million. G2R is a provider of research and consulting services to IT product vendors and professional services and outsourcing firms. The acquisition was accounted for by the purchase method and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately \$13.4 million, of which \$12.6 million has been recorded as goodwill, which is being amortized over 30 years. In addition, \$0.8 million of the purchase price was allocated to a non-compete agreement which is being amortized over 4 years.

On July 30, 1999, the Company acquired all of the outstanding shares of The Warner Group ("Warner") for \$18.0 million in cash. Warner is a leading management consulting firm specializing in information technology, communications technology and performance improvement for government agency clients. The acquisition was accounted for by the purchase method, and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately \$15.2 million, of which \$14.3 million has been recorded as goodwill and is being amortized over 30 years. In addition, \$0.9 million of the purchase price was allocated to non-compete agreements which are being amortized over 2 and 5 years.

On October 29, 1999, the Company acquired a 70% ownership interest in cPulse, LLC ("cPulse") for \$2.5 million in cash and a \$1.0 million note payable on the first anniversary date of the acquisition. Additional consideration is payable as a percentage of 2001 and 2002 net revenues of cPulse. cPulse provides a Web-satisfaction monitoring service that enables companies to prioritize their Web investments and evaluate the effectiveness of changes through customer satisfaction intelligence. The acquisition was accounted for by the purchase method. Approximately \$3.3 million of the purchase price was allocated to goodwill, which is being amortized over 5 years and \$0.2 million of the purchase price was allocated to a non-compete agreement, which is being amortized over 3 years. Any additional consideration will be recorded as goodwill.

On November 30, 1999, the Company acquired all of the outstanding shares of Computer Financial Consultants Limited ("CFC") for \$16.0 million in cash. CFC provides senior executives in IT and purchasing with assistance intended to enhance the procurement of IT related products and services. The acquisition was accounted for by the purchase method and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of the acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately \$11.6 million, of which \$11.0 million has been allocated to goodwill and is being amortized over 30 years. In addition, \$0.6 million of the purchase price was allocated to a non-compete agreement which is being amortized over 5 years.

On December 10, 1999, the Company acquired all of the assets and assumed the liabilities of Rendall and Associates, Inc. ("Rendall") for \$12.0 million in cash. Rendall provides strategic planning advice, feasibility and competitive analysis and research on the telecommunications market, technologies, regulation and public policies. Additionally, Rendall provides technical expertise in broadband technologies. The acquisition was accounted for by the purchase method and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of the acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately \$11.1 million, of which \$9.9 million has been allocated to goodwill and is being amortized over 20 years. In addition, \$1.2 million of the purchase price was allocated to a non-compete agreement which is being amortized over 5 years.

On March 21, 2000, the Company acquired 90% of the outstanding common stock of TechRepublic, Inc. ("TechRepublic") for approximately \$78.5 million in cash. TechRepublic is an online destination developed exclusively for IT professionals by IT professionals and provides career insight, community interaction, and customized content to CIOs, IT managers, network

administrators, support professionals, training providers, and other enterprise computing professionals. The TechRepublic Web site offerings include IT industry news, newsletters, analysis, columns, articles, downloads, forums, event listings and job, peer and vendor directories. The acquisition was accounted for by the purchase method and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of the acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately \$83.0 million, of which \$79.3 million has been allocated to goodwill (non-deductible for tax purposes) and is being amortized over 3 years. In addition, \$3.7 million of the purchase price was allocated to non-compete agreements which are being amortized over 3 years.

The following unaudited pro forma consolidated results of operations are presented as if the acquisition of TechRepublic had been made at the beginning of fiscal 1999 (in thousands, except per share data). The effects of the other fiscal 2000 acquisitions on the consolidated financial statements are not significant and have been excluded from the pro forma presentation.

Year Ended September 30,	2000	1999

Total revenues	\$859,730	\$734,775
Income before extraordinary loss	\$ 7,382	\$ 53,211
Net income	\$ 5,653	\$ 53,211
Diluted earnings per common share before extraordinary loss	\$ 0.08	\$ 0.51
Diluted earnings per common share	\$ 0.06	\$ 0.51
=====		

The unaudited pro forma information is not necessarily indicative of the combined results of operations that might have occurred had the purchase been effective at the beginning of fiscal 1999.

On August 24, 2000, a majority-owned subsidiary of the Company acquired the outstanding common stock of IT-Radar.com, Inc. ("ITRadar") for approximately \$6.4 million in cash and 419,287 shares of Common Stock of TechRepublic, which had an approximate fair market value of \$2.0 million. Additional consideration of up to 1,530,398 shares of Common Stock of TechRepublic is payable contingent based upon the achievement of future targeted earnings. ITRadar is a business-to-business information technology marketplace that connects buyers and sellers of information technology services. ITRadar's proprietary technology streamlines the vendor-selection process and enables information technology services buyers to more rapidly identify, evaluate, and engage with information technology providers. The acquisition was accounted for by the purchase method and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of the acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately \$10.6 million, which has been allocated to goodwill and is being amortized over 3 years. Any additional consideration paid will be recorded as goodwill.

During 2000, the Company completed additional acquisitions for consideration of \$7.2 million in cash. During 1999, the Company completed additional acquisitions for consideration of \$16.1 million in cash. These acquisitions have been accounted for under the purchase method and substantially all of the purchase price has been assigned to goodwill.

On October 2, 2000, the Company acquired all of the assets and assumed the liabilities of Solista Global LLC. ("Solista") for approximately \$7.0 million in cash. An additional \$2.0 million of purchase price is contingent based upon the achievement of certain financial targets in the future. Solista is a provider of strategic consulting services that merge technology and business expertise to help clients build strategies for the digital world. The acquisition was accounted for under the purchase method.

NOTE 3 : NET GAIN (LOSS) ON SALE OF INVESTMENTS

On October 7, 1999, Jupiter Communications, Inc. ("Jupiter") completed its initial public offering at \$21.00 per share of common stock. Upon completion of Jupiter's initial public offering, the Company owned 4,028,503 shares of Jupiter's outstanding common stock. The change in the Company's proportionate share of Jupiter's equity resulted in the Company's write-up of the investment by approximately \$15.4 million and increases in deferred tax liability and additional paid-in capital of approximately \$7.1 million and \$8.3 million, respectively. During the quarter ended June 30, 2000, the Company's investment decreased below 20% of Jupiter's outstanding common stock. Because the Company had concluded it no longer exercised significant influence over Jupiter, it changed its method of accounting for this investment from the equity method to the cost method. During the year ended September 30, 2000, the Company sold 1,995,950 shares for net cash proceeds of \$55.5 million at an average price of \$27.81 per share for a pre-tax gain of \$42.9 million. In September 2000, Jupiter merged with Media Metrix, Inc., creating Jupiter Media Metrix. Jupiter shareholders received 0.946 shares of Jupiter Media Metrix for each share of Jupiter that they owned. At the date of the merger, the Company owned 2,032,553 shares of Jupiter, which were exchanged for shares of Jupiter Media Metrix. At September 30, 2000, the Company's investment of 1,922,795 shares of Jupiter Media Metrix had a fair market value of \$30.6 million and is recorded at fair value and is included in Marketable equity securities in the Consolidated Balance Sheets at September 30, 2000.

On September 1, 1998, the Company sold GartnerLearning, a division of the Company that provides technology based training and services for IT professionals to NETg Inc. ("NETg"), a subsidiary of Harcourt, Inc. (formerly Harcourt Brace & Company), for \$5.0 million in cash and an 8% equity interest in NETg. In addition, the Company received a put option, which would allow the Company to sell its 8% equity interest to an affiliate of Harcourt, Inc. for \$48.0 million in cash. This put option was exercisable for two years beginning on September 1, 2002, if certain conditions were met. The Company's 8% interest in NETg was independently appraised at \$42.5 million on the date of sale and has been included in Other assets in the Consolidated Balance Sheets at September 30, 1999. Including transaction costs related to the sale of \$3.8 million, the pre-tax loss on sale of GartnerLearning was approximately \$2.0 million.

On June 30, 2000, the Company sold its 8% investment in NETg for \$36.0 million in cash to an affiliate of Harcourt, Inc. resulting in a pre-tax loss of approximately \$6.6 million. The Company received the cash proceeds on July 7, 2000. In addition, the Company negotiated the settlement of a joint venture agreement associated with the sale of GartnerLearning for approximately \$6.7 million.

NOTE 4 : INVESTMENTS

In addition to equity securities owned directly by the Company and through SI Venture Associates, LLC ("SI I"), a wholly owned affiliate, the Company owns 34% of SI Venture Fund II, L.P. ("SI II"). Both entities are engaged in making venture capital investments in early to mid-stage IT-based or Internet-enabled companies. Both entities are managed pursuant to a management contract with SI Services Company, LLC, an entity controlled by the current Chairman of the Board of the Company and a former officer of the Company. The accounts of SI I are included in the Company's Consolidated Financial Statements. The Company's investment in SI II is recorded on the equity method. The Company has a total investment commitment to SI I and SI II of \$10.0 million and \$30.0 million, respectively, of which

\$7.4 million of the SI II commitment remains unfunded at September 30, 2000. This remaining commitment is expected to be funded in fiscal 2001.

A summary of the Company's investments in marketable equity securities and cost based investments at September 30, 2000 is as follows (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
-----	-----	-----	-----	-----
Marketable equity securities available for sale	\$14,205	\$21,265	\$ (66)	\$35,404
Other investments	18,349	--	--	18,349
-----	-----	-----	-----	-----
Total	\$32,554	\$21,265	\$ (66)	\$53,753
=====	=====	=====	=====	=====

At September 30, 1999, the Company had \$65.3 million in cost based investments.

Also included in Other assets in the Consolidated Balance Sheets is the Company's equity method investment in SI II which amounted to \$28.7 million and \$9.9 million at September 30, 2000 and 1999, respectively. The Company's share of equity loss in SI II as of September 30, 2000 amounted to \$0.1 million. In addition, for the year ended September 30, 2000 the Company recorded \$6.4 million of its share of net unrealized holding gains in available for sale equity securities owned by SI II.

NOTE 5 : OTHER CHARGES

During 1999, the Company recorded other charges related to reorganization and recapitalization of approximately \$30.1 million on a pre-tax basis. Approximately \$14.2 million of the charge related to certain job eliminations associated with certain strategic reduction in force initiatives. Approximately \$9.2 million of the other charge pertained to legal and advisory fees associated with the Company's recapitalization (see Note 15--Recapitalization). In relation to the Company's recapitalization, the Company's Board of Directors approved a special one-time cash incentive plan to be earned and paid in three installments and designed to enhance retention of key personnel. Approximately twenty-five percent of the retention incentive, or \$6.7 million, was vested in 1999 and was paid on October 15, 1999. The second and third payments incurred and paid under the retention incentive plan in fiscal 2000 were approximately \$17.5 million.

During 1998, the Company recorded other charges, primarily consisting of relocation and severance costs, totaling approximately \$2.8 million related to the Company's relocation of certain accounting and order processing operations from Stamford, Connecticut to a new financial services center in Ft. Myers, Florida. These expenses are presented as Other charges in the Consolidated Statements of Operations.

NOTE 6 : PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

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

		September 30,	
	Useful Life (Years)	2000	1999
-----	-----	-----	-----
Computer equipment and software	2-3	\$ 111,151	\$ 75,780
Furniture and equipment	3-8	47,879	42,737
Leasehold improvements	2-15	29,891	23,955
-----	-----	-----	-----
		188,921	142,472
Less--accumulated depreciation and amortization		(97,662)	(78,880)
-----	-----	-----	-----
		\$ 91,259	\$ 63,592
=====	=====	=====	=====

At September 30, 2000 and 1999, development costs for internal use software were \$26.3 million and \$16.4 million, respectively, net of accumulated amortization of \$10.3 million and \$3.1 million, respectively. Amortization of capitalized internal software development costs totaled \$7.2 million, \$2.3 million and \$0.8 million in fiscal 2000, 1999 and 1998, respectively.

NOTE 7 : INTANGIBLE ASSETS, NET

Intangible assets, less accumulated amortization, consist of the following (in thousands):

	Amortization Period (Years)	2000	1999
Goodwill	3-30	\$ 352,482	\$ 237,933
Non-compete agreements	2-5	15,733	10,600
Tradenames	9-12	2,247	3,140
		370,462	251,673
Less--accumulated amortization		(55,265)	(28,573)
		\$ 315,197	\$ 223,100
=====			

NOTE 8 : ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	September 30,	
	2000	1999
Taxes payable	\$ 51,100	\$ 26,491
Payroll and related benefits payable	44,099	25,955
Commissions payable	33,985	23,235
Accounts payable	25,981	8,917
Current deferred tax payable	13,917	515
Other accrued liabilities	32,325	32,250
	\$201,407	\$117,363
=====		

NOTE 9 : LONG-TERM DEBT

On July 16, 1999, the Company entered into an unsecured Credit Agreement with The Chase Manhattan Bank, as administrative agent for the participating financial institutions thereunder, providing for a maximum of \$500.0 million of credit facilities, consisting of a \$350.0 million term loan and a \$150.0 million senior revolving credit facility. On February 25, 2000, the Company modified certain financial and other covenants to permit the TechRepublic acquisition and issuance of convertible debt. Loans under the revolving facility will be available for five years, subject to certain customary conditions on the date of any such loan. On July 17, 2000, the Company entered into a second amendment to the Credit Agreement. Under this amendment, the Company agreed to refinance all existing indebtedness and to repay in full and terminate the term loans drawn under the existing Credit Agreement. As part of the second amendment to the Credit Agreement, the Company entered into a senior revolving credit facility totaling a maximum aggregate principal amount of up to \$200.0 million. In connection with the extinguishment of the term loan, the Company wrote off \$2.9 million, net of tax benefit of \$1.2 million, of deferred debt issuance costs in the fourth quarter of fiscal 2000. The charge was recorded as an extraordinary loss. At September 30, 2000, there were no amounts outstanding under the revolving credit facility. A commitment fee of 0.30% to 0.50% is paid on the unused revolving credit amount. Pursuant to certain financial covenants of the revolving credit facility, the Company had available \$121.9 million of borrowings at September 30, 2000. The weighted average interest rate on borrowings was 7.6% for the year ended September 30, 2000.

In connection with the TechRepublic acquisition entered into on March 21, 2000, the Company issued in a private placement transaction on April 17, 2000, \$300.0 million of 6% convertible subordinated notes (the "convertible notes") to Silver Lake Partners, L.P. ("Silver Lake") and certain of Silver Lake's affiliates. The convertible notes mature in April 2005. The convertible notes accrue interest at 6% per annum. Interest accrues semiannually by a corresponding increase in the face amount of the convertible notes commencing September 15, 2000. Accordingly, \$7.4 million has been added to the face amount of the convertible notes balance outstanding at September 30, 2000. The convertible notes are convertible into shares of the Company's Class A Common Stock, commencing April 17, 2003, at an initial price of \$15.87 per share. On the first anniversary date of issuance of the convertible notes, April 17, 2001, the conversion price will be adjusted, or reset, to be equal to the lower of the initial conversion price of \$15.87 per share or, if the average closing price over the thirty trading day period ending April 17, 2001 is less than \$14.43, a price equal to a 10% premium to the average closing price over that same period. In the event the conversion price is subject to downward adjustment due to the first anniversary reset provision, the Company can elect to redeem the convertible notes in whole, but not in part, for 125% of the then outstanding face amount subject to certain restrictions unless a majority of the convertible noteholders elect to waive the reset. At the Company's option, the conversion rights can be settled in cash based on the market price of the Class A Common Stock at the time of conversion. The Company has also granted to Silver Lake an option to acquire 5% of the fully diluted capital stock of TechRepublic at a cost to be based upon the market capitalization of TechRepublic at time of exercise. Additionally, the option grants Silver Lake the right to acquire 5% of any Company subsidiary that is spun off or spun out at 80% of the initial public offering price. The Company has valued the option at \$1.0 million, which has been recorded as a discount to the convertible notes and is included in Additional paid-in capital on the Consolidated Balance Sheets at September 30, 2000. As part of the transaction, two Silver Lake representatives have been elected to the Company's ten member Board of Directors. The Company may call the convertible notes for redemption any time after April 17, 2003. On April 18, 2000, \$200.0 million of the proceeds were used to pay down term loan borrowings under the Credit Agreement. The Company incurred \$7.9 million of transaction and advisory fees related to the transaction. These fees are being amortized over the life of the debt using the effective interest method.

Letters of credit are issued by the Company in the ordinary course of business. At September 30, 2000, the Company had outstanding letters of credit with Chase Manhattan Bank for \$1.5 million and with The Bank of New York for \$2.0 million.

NOTE 10 : COMMITMENTS AND CONTINGENCIES

The Company leases various facilities, furniture and computer equipment under operating lease arrangements expiring between 2000 and 2026. Future minimum annual payments under non-cancelable operating lease agreements at September 30, 2000 are as follows (in thousands):

Year Ended September 30,

2001	\$ 27,322
2002	17,772
2003	15,928
2004	14,211
2005	13,110
Thereafter	103,918
Total minimum lease payments	\$192,261
=====	

Rental expense for operating leases, net of sublease income, was \$30.6 million, \$24.4 million, and \$21.3 million for the years ended September

30, 2000, 1999 and 1998, respectively. The Company has commitments with two facilities management companies for printing, copying, mailroom and other related services. The minimum annual obligations under these service agreements are \$4.7 million for 2000, \$4.0 million for 2001, \$4.0 million for 2002, and \$1.3 million for 2003.

In addition, the Company has a remaining commitment to repurchase 662,363 shares of Class A Common Stock and 4,128 shares of Class B Common Stock on the open market by July 2001 as part of its recapitalization (see Note 15--Recapitalization).

The Company is involved in legal proceedings and litigation arising in the ordinary course of business. The Company believes the outcome of all current proceedings, claims and litigation will not have a material effect on the Company's financial position or results of operations when resolved in a future period.

NOTE 11 : STOCKHOLDERS' EQUITY

Capital stock Class A Common Stock and Class B Common Stock stockholders are entitled to one vote per share on all matters to be voted by stockholders, other than the election of directors. Class A Common Stock stockholders are entitled to one vote per share on the election of Class A directors, which constitute no more than 20% of the directors, and Class B Common Stock stockholders are entitled to one vote per share on the election of Class B directors, which constitute at least 80% of the directors.

Stock option plans and warrants Under the terms of the 1991 Stock Option Plan, the Board of Directors may grant non-qualified and incentive options, entitling employees to purchase shares of the Company's common stock at the fair market value on the date of grant. The Board can determine the date on which options vest and become exercisable. A total of 32,800,000 shares of Class A Common Stock have been reserved for issuance under this plan. At September 30, 2000 and 1999, 1,354,876 and 5,948,420 options were available for grant, respectively.

In January 1993, the Company adopted the 1993 Director Option Plan, a stock option plan for directors, and reserved an aggregate of 1,200,000 shares of Class A Common Stock for issuance under this plan. The plan currently provides for the automatic grant of 15,000 options to purchase shares of Class A Common Stock to each non-employee director upon first becoming an outside director and the automatic grant of an option to purchase an additional 7,000 shares of Class A Common Stock annually based on continuous service as an outside director. The exercise price of each option granted under the plan is equal to the fair market value of the Class A Common Stock at the date of grant. Options granted are subject to cumulative yearly vesting over a three-year period after the date of grant. At September 30, 2000 and 1999, 464,635 and 526,000 options were available for grant, respectively.

In October 1994, the Board of Directors and stockholders of the Company approved the adoption of a Long Term Stock Option Plan and the reservation of an aggregate of 6,560,000 shares of Class A Common Stock for issuance thereunder. The purpose of the plan is to provide to senior personnel long-term equity participation in the Company as an incentive to promote the long-term success of the Company. The exercise price of each option granted under the plan is equal to the fair market value of the Class A Common Stock at the date of grant. All options granted under the plan vest and become fully exercisable five years following the date of grant, based on continued employment, and have a term of ten years from the date of grant assuming continued employment. Vesting and exercisability accelerates upon achievement of certain financial performance targets determined by the Board of Directors. If the financial performance targets are met for the year of grant in accordance with parameters as set by the Board at its sole discretion, 25% of the shares granted become exercisable on the first anniversary date following the date of grant and, if cumulative financial performance targets are met for both the first and second years following the date of grant, a second 25% become exercisable three years following the date of grant. If cumulative financial performance targets are met for all three years following the date of grant, a third 25% become exercisable on the fourth anniversary date following the date of grant and the final 25% become exercisable on the fifth anniversary following the date of grant. Based on cumulative performance through 2000, 1,996,195 shares were exercisable on September 30, 2000. At September 30, 2000 and 1999, 600,250 and 624,000 options were available for grant, respectively.

In October 1996, the Company adopted the 1996 Long Term Stock Option Plan. Under the terms of the plan, the Board of Directors may grant non-qualified and incentive options, entitling employees to purchase shares of the Company's common stock at the fair market value at the date of option grant. A total of 1,800,000 shares of Class A Common Stock was reserved for issuance under this plan. All options granted under the plan vest and become fully exercisable six years following the date of grant, based on continued employment, and have a term of ten years from the date of grant assuming continued employment. Vesting and exercisability accelerates upon achievement of certain financial performance targets determined by the Board of Directors. If financial performance targets are met in the year of grant in accordance with parameters as set by the Board in its sole discretion, 25% of the shares granted become exercisable on the third anniversary date following the date of grant. If cumulative financial performance targets are met for both the first and second years following the date of grant, a second 25% become exercisable three years following the date of grant. If financial performance targets are met cumulatively for all three years following the date of grant, a third 25% become exercisable on the fourth anniversary date following the date of grant and the final 25% become exercisable on the fifth anniversary following the date of grant. Based on 1997 and 1998 performance, 501,250 options were exercisable on September 30, 2000. Based on 1999 performance, an additional 194,500 will vest in 2001. At September 30, 2000 and 1999, 812,000 and 473,000 options to purchase common stock were available for grant, respectively.

In October 1998, the Company adopted the 1998 Long Term Stock Option Plan. Under the terms of the plan, the Board of Directors may grant non-qualified and incentive options, entitling employees to purchase shares of the Company's common stock at the fair market value at the date of option or restricted stock grant. A total of 2,500,000 shares of Class A Common Stock was reserved for issuance under this plan. All options currently granted under the plan vest and become fully exercisable six years following the date of grant, based on continued employment, and have a term of ten years from the date of grant assuming continued employment. Vesting and exercisability accelerates upon achievement of certain financial performance targets determined by the Board of Directors. If financial performance targets are met in the year of grant in accordance with parameters as set by the Board in its sole discretion, 25% of the shares granted become exercisable in the third anniversary date following the date of grant. If cumulative financial performance targets are met for both

the first and second years following the date of grant, a second 25% become exercisable three years following the date of grant. If financial performance targets are met cumulatively for all three years following the date of grant, a third 25% become exercisable on the fourth anniversary date following the date of grant and the final 25% become exercisable on the fifth anniversary following the date of grant. Based on cumulative 2000 performance, no vesting has accelerated; however, if cumulative financial performance targets are met for 1999, 2000 and 2001, vesting may still accelerate. At September 30, 2000, 662,001 options to purchase common stock were available for grant.

On December 15, 1998, the Company adopted an option exchange program that allowed the exchange of certain stock options granted from July 1998 through April 1998 for options with an exercise price of \$20.46. In total, options to purchase 4,737,400 shares of common stock were exchanged under this program. The original vesting schedules and expiration dates associated with these stock options were also amended to commence with the stock option exchange program date. These amounts have been included as granted and canceled options during 1999 in the summary activity table shown below.

In connection with the recapitalization (see Note 15-- Recapitalization), substantially all options with an exercise price below the fair market value of the stock on the effective date were reduced to maintain the ratio of the exercise price to the fair market value of the stock prior to the special, nonrecurring cash dividend, which was \$1.1945 per share. The exercise prices of options with an exercise price equal to or greater than the fair market value of the stock on the effective date were reduced by an amount equal to the dividend per share paid by the Company. No changes were made in either the number of shares of common stock covered or in the vesting schedule of the options.

A summary of stock option activity under the plans and agreement through September 30, 2000 follows:

	Class A Common Stock Under Option	Weighted Average Exercise Price
-----	-----	-----
Outstanding at September 30, 1997	17,821,350	\$11.462
Granted	5,060,949	\$33.329
Exercised	(5,370,690)	\$ 6.716
Canceled	(1,380,577)	\$20.539
-----	-----	-----
Outstanding at September 30, 1998	16,131,032	\$19.086
Granted	11,818,259	\$20.946
Exercised	(2,648,169)	\$ 6.810
Canceled	(7,511,554)	\$21.637
-----	-----	-----
Outstanding at September 30, 1999	17,789,568	\$17.475
Granted	18,256,310	\$11.859
Exercised	(1,379,306)	\$ 5.886
Canceled	(4,099,846)	\$17.240
-----	-----	-----
Outstanding at September 30, 2000	30,566,726	\$14.669
=====	=====	=====

Options for the purchase of 6,754,574 and 4,417,986 shares of Class A Common Stock were exercisable at September 30, 2000 and 1999, respectively.

The following table summarizes information about stock options outstanding at September 30, 2000:

Range of Exercise Prices	Number Outstanding	Number Exercisable	Weighted Average Exercise Price	Average Remaining Contractual Life (Years)
-----	-----	-----	-----	-----
\$ 1.00- 4.83	173,430	138,430	\$ 3.36	1.71
\$ 5.51- 9.69	2,253,650	2,253,650	\$ 7.02	3.95
\$ 10.28-14.56	15,149,040	108,540	\$11.41	9.25
\$ 15.67-19.90	8,916,728	3,013,620	\$18.35	7.91
\$ 20.46-24.49	3,564,878	900,970	\$22.29	8.16
\$ 25.18-37.29	509,000	339,364	\$31.36	6.17
	-----	-----		
	30,566,726	6,754,574		
	=====	=====		

A warrant expiring December 1, 2000 to purchase 599,400 shares of Class A Common Stock at \$16.42 per share is held by IMS Health.

Employee stock purchase plan In January 1993, the Company adopted an employee stock purchase plan, and reserved an aggregate of 4,000,000 shares of Class A Common Stock for issuance under this plan. The plan permits eligible employees to purchase Class A Common Stock through payroll deductions, which may not exceed 10% of an employee's compensation (or \$21,250 in any calendar year), at a price equal to 85% of the Class A Common Stock price as reported by NYSE at the beginning or end of each offering period, whichever is lower. During the year ended September 30, 2000, 394,279 shares were issued from treasury stock at an average purchase price of \$12.59 per share in conjunction with this plan. At September 30, 2000, 1,429,406 shares were available under the plan.

Restricted stock awards Beginning in 1998, the Company granted restricted stock awards under the 1991 Stock Option Plan and the 1998 Long Term Stock Option Plan. The restricted stock awards vest in six equal installments with the first installment vesting two years after the grant and then annually thereafter. Recipients are not required to provide consideration to the Company other than rendering service and have the right to vote the shares and to receive dividends. The restricted stock may not be sold by the employee during the vesting period. In 1999, the Company also granted 35,000 stock options under the 1998 Long Term Stock Option Plan with an exercise price of \$1.00 per share that vest on the same basis as the restricted stock awards to certain international employees. Such stock options had a fair market value of \$23.25 per stock option on the date of grant. At September 30, 2000, a total of 377,500 restricted shares of Class A Common Stock are outstanding at a weighted average market value of \$21.37 per share. In 2000, the Company granted a restricted stock award

of 50,000 shares with a fair market value of \$13.00 per share. During 2000, there were forfeitures and accelerated grants of 77,500 shares and 12,000 shares, respectively. At September 30, 2000 the aggregate market value of the restricted stock awards and stock option grants was \$8.9 million. Total compensation expense recognized for the restricted stock awards and option grants was \$1.1 million and \$1.7 million for 2000 and 1999, respectively.

Stock repurchases Beginning in 1997, the Company entered into a series of forward purchase agreements to effect the repurchase of 1,600,000 shares of its Class A Common Stock. These agreements are settled quarterly at the Company's option on a net basis in either shares of its own Class A Common Stock or cash. To the extent that the market price of the Company's Class A Common Stock on a settlement date is higher (lower) than the forward purchase price, the net differential is received (paid) by the Company. During the year ended September 30, 1999, four settlements resulted in the Company receiving 155,962 shares of Class A Common Stock (recorded in Treasury stock at no cost) and paying approximately \$10.9 million in cash (recorded as a reduction of additional paid-in capital). During the year ended September 30, 2000, four settlements resulted in the Company receiving 155,792 shares of Class A Common Stock and paying approximately \$8.2 million in cash. As of September 30, 2000, a forward purchase agreement in place covered approximately \$9.3 million or 672,365 shares of Class A Common Stock having forward purchase prices established at \$13.81 per share. If the market priced portion of this agreement was settled based on the September 30, 2000 market price of Class A Common Stock (\$11.63 per share), the Company would settle under the terms of the forward purchase agreement with a payment of either \$1.5 million in cash or 126,316 shares of Class A Common Stock.

On August 24, 1998, the Company's Board of Directors approved the repurchase of an additional 2,500,000 shares of Class A Common Stock in

an effort to offset the dilutive effect of the Company's stock-based employee compensation plans. To date, the Company has repurchased 721,300 shares of Class A Common Stock at a cost of approximately \$17.4 million. There are no open commitments to repurchase under this approval. No additional repurchases under this approval are anticipated due to open market repurchase limitations under the terms of the recapitalization.

Stock based compensation The Company applies the provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for stock-based compensation plans. Accordingly, no compensation cost has been recognized for the fixed stock option plans. Pursuant to the requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the following are the pro forma net income and net income per share for the years ended September 30, 2000, 1999, and 1998 had compensation cost for the Company's stock based compensation plans been determined based on the fair value at the grant date for grants under those plans (in thousands, except per share data):

Year Ended September 30,	2000	1999	1998
Net income (loss):			
As reported	\$25,546	\$88,271	\$88,347
Pro forma	\$(3,325)	\$67,128	\$58,480
Net income (loss) per diluted common share:			
As reported	\$ 0.29	\$ 0.84	\$ 0.84
Pro forma	\$ (0.04)	\$ 0.64	\$ 0.55

The pro forma disclosures shown above reflect options granted after the year ended September 30, 1995 and are not likely to be representative of the effects on net income and net income per common share in future years.

The fair value of the Company's stock plans used to compute pro forma net income and diluted earnings per share disclosures is the estimated fair value at grant date using the Black-Scholes option pricing model. The following weighted-average assumptions were utilized for stock options granted or modified:

	2000	1999	1998
Expected life (in years)	3.1-5.2	3.1-5.0	2.4-6.4
Expected volatility	.44	.40	.40
Risk-free interest rate	5.76%-6.08%	4.93%-5.82%	4.22%-4.39%
Expected dividend yield	0.00%	0.00%	0.00%

The weighted average fair values of the Company's stock options granted in the years ended September 30, 2000, 1999 and 1998 are \$6.63, \$10.19 and \$12.00, respectively.

NOTE 12 : COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK

Basic earnings per share ("EPS") is computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in earnings, including stock options and warrants. When the exercise of stock options is antidilutive they are excluded from the calculation.

The following table sets forth the required disclosures of the reconciliation of the basic and diluted net earnings per share computations.

Year Ended September 30,	2000	1999	1998
Numerator:			
Net income	\$25,546	\$ 88,271	\$ 88,347
Denominator:			
Denominator for basic earnings per share--weighted average number of common shares outstanding	86,985	102,226	100,194
Effect of dilutive securities:			
Weighted average number of common shares under warrant outstanding	--	155	298
Weighted average number of option shares outstanding	2,544	2,567	5,207
Dilutive potential common shares	2,544	2,722	5,505
Denominator for diluted earnings			

per share--adjusted weighted average number of common shares outstanding	89,529	104,948	105,699
Basic earnings per common share	\$ 0.29	\$ 0.86	\$ 0.88
Diluted earnings per common share	\$ 0.29	\$ 0.84	\$ 0.84

For the years ended September 30, 2000 and 1999, options to purchase 14.3 million and 4.3 million shares of Class A Common Stock of the Company with exercise prices greater than the average fair market value of \$13.78 and \$21.32 for the respective periods were not included in the computation of diluted net income per share because the effect would have been antidilutive. Additionally, convertible notes outstanding for the year ended September 30, 2000 representing 8.8 million common shares, if converted, are not included in the computation of diluted net income per share because the effect would have been antidilutive.

NOTE 13 : INCOME TAXES

Following is a summary of the components of income before provision for income taxes and extraordinary loss (in thousands):

Year Ended September 30,	2000	1999	1998
U.S.	\$27,016	\$107,243	\$113,589
Non-U.S.	26,204	32,004	37,532
Income before provision for income tax	53,220	139,247	151,121
Loss on debt extinguishment	2,881	--	--
Income before provision for income taxes and extraordinary loss	\$56,101	\$139,247	\$151,121

The provision for income tax on the above income consists of the following components (in thousands):

Year Ended September 30,	2000	1999	1998
Current tax expense from operations:			
U.S. federal	\$ 15,571	\$18,613	\$ 2,081
State and local	11,373	2,977	2,257
Foreign	7,211	6,533	8,927
Total current	34,155	28,123	13,265
Deferred tax (benefit) expense:			
U.S. federal	(5,903)	4,286	921
State and local	(2,934)	1,052	552
Foreign	(1,637)	1,310	(567)
Total deferred	(10,474)	6,648	906
Total current and deferred	23,681	34,771	14,171
Benefit of stock transactions with employees	4,179	15,878	48,603
Benefit of purchased tax benefits applied to reduce goodwill	966	327	--
Subtotal	28,826	50,976	62,774
Current taxes from extraordinary loss:			
U.S. federal tax expense on debt extinguishment	(922)	--	--
State and local tax expense on debt extinguishment	(230)	--	--
	\$ 27,674	\$50,976	\$ 62,774

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

Year Ended September 30,	2000	1999
Depreciation and amortization	\$ 3,052	\$ 1,585
Expense accruals for book purposes	11,277	7,495
Loss and credit carryforwards	13,320	4,622
Intangible assets	2,150	1,668
Other	1,420	1,210
Gross deferred tax asset	31,219	16,580
Intangible assets	(12,691)	(8,457)
Equity interest	(15,651)	(2,478)
Other	(165)	(1,577)
Gross deferred tax liability	(28,507)	(12,512)
Valuation allowance	(10,083)	(3,559)
Net deferred tax (liability) asset	\$ (7,371)	\$ 509

Current and long-term net deferred tax assets were \$4.7 million and \$16.4 million at September 30, 2000, and were \$5.7 million and \$0 at September 30, 1999, respectively, and are included in Prepaid expenses and other current assets and Other assets in the Consolidated Balance Sheets. Current and long-term net deferred tax liabilities were \$13.9 million and \$14.6 million at

September 30, 2000 and were \$0.9 million and \$4.3 million at September 30, 1999, and are included in Accounts payable and accrued liabilities and Other liabilities in the Consolidated Balance Sheets.

The valuation allowance relates to state and foreign tax loss carryforwards that more likely than not will expire unutilized. The net increase in the valuation allowance of approximately \$6.5 million in the current year results primarily from the increase in federal and state tax carryforwards of \$4.6 million and \$2.1 million, respectively, and the net utilization of foreign tax loss carryforwards of approximately \$0.1 million. The tax benefit from such tax loss carryforwards was \$0.6 million, \$2.5 million, and \$1.2 million for fiscal years 2000, 1999, and 1998, respectively. Approximately \$6.7 million and \$2.6 million of the valuation allowance would reduce goodwill and additional paid-in capital, respectively, upon subsequent recognition of any related tax benefits.

The differences between the U.S. federal statutory income tax rate and the Company's effective rate are:

Year Ended September 30,	2000	1999	1998
Statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	10.9	3.1	4.3
Foreign income taxed at a different rate	(4.3)	1.7	0.7
Non-deductible goodwill and direct acquisition costs	13.1	1.1	3.5
Non-taxable income	(0.2)	(1.3)	(1.3)
Exempt foreign trading gross receipts	(1.4)	(2.3)	(1.4)
Non-deductible recapitalization costs	--	2.2	--
Settlement of tax exams	--	(1.8)	--
Benefit of operating loss and tax credit carryforwards	--	(2.0)	--
Other items	(1.1)	0.9	0.7
Effective tax rate	52.0%	36.6%	41.5%

As of September 30, 2000, the Company had U.S. federal tax loss carry-forwards of \$13.2 million, which will expire in fifteen to twenty years and state and local tax loss carryforwards of \$81.1 million, of which \$26.8 million will expire within one to five years, \$9.4 million will expire within six to fifteen years, and \$44.9 million will expire within sixteen to twenty years. In addition, the Company had foreign tax loss carryforwards of \$4.3 million, of which \$1.3 million will expire within one to five years, and \$3.0 million which can be carried forward indefinitely.

In 1999, the Company incurred \$8.6 million of non-deductible recapitalization costs during the year, the tax effect of which was approximately offset by a one-time income tax benefit of \$2.5 million related primarily to the settlement of certain tax examinations in the second quarter. In 1998, the sale of GartnerLearning resulted in an additional tax provision of \$4.2 million primarily due to the reversal of non-deductible goodwill. The effective tax rate, less the impact of the above mentioned items, was 37% and 39% for 1999 and 1998, respectively.

NOTE 14 : EMPLOYEE BENEFITS

The Company has a savings and investment plan covering substantially all domestic employees. The Company contributes amounts to this plan based upon the level of the employee contributions. In addition, the Company also contributes fixed and discretionary amounts based on employee participation and attainment of operating margins set by the Board of Directors. Amounts expensed in connection with the plan totaled \$8.5 million, \$6.6 million, and \$5.4 million for the years ended September 30, 2000, 1999, and 1998, respectively.

In addition, the Company has supplemental deferred compensation arrangements for the benefit of certain officers, managers and other key employees. These arrangements are funded by life insurance contracts, which have been purchased by the Company. The plan permits the participants to diversify in marketable equity securities. The value of the assets held, managed and invested, pursuant to the agreement total \$7.2 million at September 30, 2000 and are consolidated with those of the Company. The corresponding deferred compensation liability of \$8.2 million at September 30, 2000 is recorded at the fair market value of the shares held in a rabbi trust and adjusted, with a corresponding charge or credit to compensation cost, to reflect the fair value of the amount owned by the employee. Total compensation expense recognized for the plan was \$1.0 million for 2000.

NOTE 15 : RECAPITALIZATION

The Dun and Bradstreet Corporation ("D&B"), an investor in Information Partners Capital Fund, L.P. ("Fund"), provided a portion of the financing in connection with the acquisition of the Company in October 1990. In April 1993, D&B acquired a majority of the outstanding voting securities of the Company in transactions among the Company, D&B and persons and entities associated with the Fund. On November 1, 1996, D&B transferred ownership of its common stock of the Company to Cognizant Corporation ("Cognizant"), a spinoff of D&B and an independent public company. At the date of transfer, these shares represented 51% of the Company's outstanding common stock. During the year ended September 30, 1997, Cognizant's ownership of the Company's outstanding common stock fell below 50%. On June 30, 1998, Cognizant transferred its ownership in the Company to IMS Health Incorporated ("IMS Health"), a spinoff of Cognizant and an independent public company.

On July 16, 1999, the Company's stockholders approved a series of transactions that resulted in the separation of the Company and IMS Health. This was accomplished, in part, through the recapitalization of the Company's outstanding Common Stock into two classes of Common Stock, consisting of Class A Common Stock and Class B Common Stock, and the issuance of an aggregate of 40,689,648 shares of Class B Common Stock to IMS Health in exchange for a like number of shares of Class A Common Stock held by IMS Health. The separation was effected, in part, through the July 26, 1999 tax-free distribution by IMS Health to its stockholders of the newly issued Class B Common Stock of the Company owned by IMS Health. The Class B Common Stock is identical in all respects to the Class A Common Stock, except that the Class B Common Stock is entitled to elect at least 80% of the members of the Company's Board of Directors. The Company's stockholders also approved an amendment to the Company's Certificate of Incorporation to create a classified Board of Directors of three classes having staggered three-year terms.

The Company also declared a special, nonrecurring cash dividend of \$1.1945 per share, payable to all Company stockholders of record as of July 16, 1999. The cash dividend, totaling approximately \$125.0 million, was paid on July 22, 1999 and was funded out of existing cash.

Under the terms of the recapitalization agreement, the Company is required to indemnify IMS Health for additional taxes, under certain circumstances, if actions by the Company cause the distribution to become taxable to IMS Health and its stockholders. These actions include the use of stock for substantial acquisitions and the issuance, without regulatory approval, of stock options over set limitations during a two-year period following the recapitalization. In addition, the Company has indemnified IMS Health for any tax liabilities associated with the spinoff that may result from the acquisition of the Company. The Company monitors its actions for compliance in this regard and believes that it is unlikely, within matters under the Company's control, that it will incur any significant costs as a result of its indemnity.

NOTE 16 : SEGMENT INFORMATION

The Company manages its business in four reportable segments organized on the basis of differences in its related products and services: research, consulting,

events, and TechRepublic. Research consists primarily of subscription-based research products. Consulting consists primarily of consulting and measurement engagements. Events consist of various symposia, expositions, and conferences. TechRepublic consists of an IT professional online destination with revenues consisting primarily of Web based advertising.

The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution, as presented below, is the profit or loss from operations before interest income and expense, certain selling, general and administrative costs, income taxes, other charges, and foreign exchange gains and losses. The accounting policies used by the reportable segments are the same as those used by the Company.

The Company earns revenue from clients in many countries. Other than the United States, the Company's country of domicile, 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 operating segment, with the exception of TechRepublic. Accordingly, assets are not being reported by segment, other than TechRepublic, 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. At September 30, 2000, TechRepublic had identifiable tangible assets of \$7.5 million. For the year ended September 30, 2000, TechRepublic had capital expenditures totaling \$1.6 million and depreciation and amortization expense of \$15.3 million.

The following tables present information about reportable segments (in thousands). The "Other" column includes certain revenues and corporate and other expenses (primarily selling, general and administrative) unallocated to reportable segments, expenses allocated to operations that do not meet the segment reporting quantitative threshold, and other charges. There are no intersegment revenues:

Year Ended September 30, 2000	Research	Consulting	Events	TechRepublic	Other	Consolidated
Revenues	\$ 509,781	\$ 208,810	\$ 108,589	\$ 4,077	\$ 27,414	\$ 858,671
Gross contribution	341,061	75,652	50,604	(20,328)	11,231	458,220
Corporate and other expenses					(410,010)	(410,010)
Net gain (loss) on sale of investments						29,630
Interest income and other						3,161
Interest expense						(24,900)
Income before provision for income taxes and extraordinary loss						56,101
=====						

Year Ended September 30, 1999	Research	Consulting	Events	TechRepublic	Other	Consolidated
Revenues	\$ 479,045	\$ 149,840	\$ 75,581	--	\$ 29,768	\$ 734,234
Gross contribution	336,919	55,857	32,532	--	12,152	437,460
Corporate and other expenses					(305,613)	(305,613)
Interest income and other						8,672
Interest expense						(1,272)
Income before provision for income taxes and extraordinary loss						139,247
=====						

Year Ended September 30, 1998	Research	Consulting	Events	TechRepublic	Other	Consolidated
Revenues	\$ 433,141	\$ 110,955	\$ 49,121	--	\$ 48,740(1)	\$ 641,957
Gross contribution	312,855	50,787	19,546	--	9,597(1)	392,785
Corporate and other expenses					(248,736)	(248,736)
Net gain (loss) on sale of investments						(1,973)
Interest income and other						9,139
Interest expense						(94)
Income before provision for income taxes and extraordinary loss						151,121
=====						

(1) Represents the sum of Other and Learning revenues and gross contributions, respectively, for the fiscal year ended September 30,1998

The Company's consolidated revenues are generated primarily through direct sales to clients by domestic and international sales forces and a network of independent international distributors. The Company defines "Europe Revenues" as revenues attributable to clients located in England and the European region and "Other International Revenues" as revenues attributable to all areas located outside of the United States, Canada and Europe. Most products and services of the Company are provided on an integrated worldwide basis. Because of the integration of products and services delivery, it is not practical to separate precisely the revenues and operating income of the Company by geographic location. Accordingly, the separation set forth in the table below is based upon internal allocations, which involve certain management estimates and judgments.

European identifiable tangible assets consist primarily of the assets of the European subsidiaries and include the accounts receivable balances carried directly by the subsidiaries located in England, France and Germany. All other European customer receivables are maintained by, and therefore are included as identifiable assets of, the United States operations.

Summarized information by geographic location is as follows
(in thousands):

Year Ended September 30,	2000	1999	1998

United States and Canada:			
Revenues	\$567,629	\$471,783	\$415,622
Operating income	\$ 26,570	\$ 70,991	\$ 82,406
Identifiable tangible assets	\$483,502	\$437,452	\$551,030
Long-lived assets	\$422,796	\$318,509	\$285,125
Europe:			
Revenues	\$230,307	\$212,131	\$173,762
Operating income	\$ 18,085	\$ 48,433	\$ 44,455
Identifiable tangible assets	\$171,420	\$110,472	\$ 93,409
Long-lived assets	\$ 56,918	\$ 41,233	\$ 25,533
Other International:			
Revenues	\$ 60,735	\$ 50,320	\$ 52,573
Operating income	\$ 3,555	\$ 12,423	\$ 17,188
Identifiable tangible assets	\$ 32,846	\$ 32,420	\$ 31,888
Long-lived assets	\$ 10,383	\$ 11,518	\$ 11,134

Excluding other charges, operating income was \$39.3 million, \$22.0 million and \$4.4 million in the United States and Canada, Europe, and Other International, respectively, for the year ended September 30, 2000 and was \$96.0 million, \$52.9 million and \$13.1 million, respectively, for the year ended September 30, 1999. Excluding acquisition-related and other charges, operating income in the United States and Canada was \$89.7 million for the year ended September 30, 1998.

NOTE 17 : QUARTERLY FINANCIAL DATA (UNAUDITED)

(In thousands except per share data)

Year Ended September 30, 2000	1st	2nd	3rd	4th

Revenues	\$222,897	\$193,393	\$222,511	\$219,870
Operating income(1)(2)	\$ 32,142	\$ 10,626	\$ 5,238	\$ 204
Net income	\$ 16,462	\$ 2,788	\$ 2,382	\$ 3,914
Diluted earnings per common share(3)	\$ 0.18	\$ 0.03	\$ 0.03	\$ 0.04

Year Ended September 30, 1999	1st	2nd	3rd	4th

Revenues	\$190,380	\$171,328	\$185,658	\$186,868
Operating income(1)(4)	\$ 45,970	\$ 39,913	\$ 37,996	\$ 7,968
Net income	\$ 30,088	\$ 28,841	\$ 26,416	\$ 2,926
Diluted earnings per common share	\$ 0.29	\$ 0.27	\$ 0.25	\$ 0.03

(1) Amounts for the first three quarters of 2000 and all quarters of 1999 reflect the reclassification of equity gains (losses) from minority-owned investments to Interest income and other from Costs and expenses in the Consolidated Statements of Operations.

(2) Includes Other charges of \$6.1 million and \$11.4 million in the quarters ended December 31, 1999 and March 31, 2000, respectively.

(3) The aggregate of the four quarters' diluted earnings per common share does not total the reported full fiscal year amount due to rounding.

(4) Includes Other charges of \$4.4 million, \$1.5 million, and \$24.2 million in

the quarters ended March 31, 1999, June 30, 1999 and September 30, 1999, respectively.

MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING

Management has prepared and is responsible for the integrity and objectivity of the consolidated financial statements and related information included in the Annual Report. The consolidated financial statements, which include amounts based on management's best judgments and estimates, were prepared in conformity with generally accepted accounting principles. Financial information elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

The Company maintains a system of internal controls designed to provide reasonable assurance at reasonable cost that assets are safeguarded and transactions are properly executed and recorded for the preparation of financial information. The internal control system is augmented with an organizational structure providing division of responsibilities, careful selection and training of qualified financial people and a program of internal audits.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets regularly with management, internal auditors and our independent accountants to ensure that each is meeting its responsibilities and to discuss matters concerning internal controls and financial reporting. Both the independent and internal auditors have unrestricted access to the Audit Committee.

The independent auditors for fiscal 2000, 1999 and 1998, KPMG LLP, audit and render an opinion on the financial statements in accordance with generally accepted accounting standards. These standards include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

/s/ Manuel A. Fernandez

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Manuel A. Fernandez
Chairman of the Board

/s/ Michael D. Fleisher

- - - - -

Michael D. Fleisher
Chief Executive Officer

THE BOARD OF DIRECTORS AND STOCKHOLDERS
GARTNER GROUP, INC.:

We have audited the accompanying consolidated balance sheets of Gartner Group, Inc. and subsidiaries as of September 30, 2000 and 1999, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended September 30, 2000. 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 auditing standards generally accepted in the United States of America. 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 Group, Inc. and subsidiaries as of September 30, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

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St. Petersburg, Florida
October 30, 2000

Fiscal Year Ended September 30,
(in thousands except per share data)

	2000	1999	1998	1997	1996

CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues:					
Research	\$ 509,781	\$ 479,045	\$ 433,141	\$ 349,600	\$ 279,629
Consulting	208,810	149,840	110,955	84,631	61,348
Events	108,589	75,581	49,121	34,256	26,449
Other	31,491	29,768	30,664	21,438	15,027
Learning	--	--	18,076	21,314	12,219

Total revenues	858,671	734,234	641,957	511,239	394,672
Total costs and expenses(1)	810,461	602,387	497,908	394,424	345,232

Operating income(1)	48,210	131,847	144,049	116,815	49,440
Minority interest	--	--	--	--	25
Net gain (loss) on sale of investments	29,630	--	(1,973)	--	--
Interest income and other(1)	3,161	8,672	9,139	7,058	3,665
Interest expense	(24,900)	(1,272)	(94)	--	--

Income before provision for income taxes and extraordinary loss	56,101	139,247	151,121	123,873	53,130
Provision for income taxes	28,826	50,976	62,774	50,743	36,692

Income before extraordinary loss	27,275	88,271	88,347	73,130	16,438
Loss on debt extinguishment, net of tax of \$1,152	1,729	--	--	--	--

Net income	\$ 25,546	\$ 88,271	\$ 88,347	\$ 73,130	\$ 16,438
=====					
NET INCOME PER COMMON SHARE:					
Basic:					
Income before extraordinary loss	\$ 0.31	\$ 0.86	\$ 0.88	\$ 0.77	\$ 0.18
Extraordinary loss	\$ (0.02)	--	--	--	--
Net income	\$ 0.29	\$ 0.86	\$ 0.88	\$ 0.77	\$ 0.18
Diluted:					
Income before extraordinary loss	\$ 0.30	\$ 0.84	\$ 0.84	\$ 0.71	\$ 0.17
Extraordinary loss	\$ (0.02)	--	--	--	--
Net income	\$ 0.29	\$ 0.84	\$ 0.84	\$ 0.71	\$ 0.17
=====					

(continued)

Fiscal Year Ended September 30,
(in thousands except per share data)

	2000	1999	1998	1997	1996

CONSOLIDATED BALANCE SHEET DATA:					
Cash and cash equivalents, marketable securities	\$ 97,102	\$ 88,894	\$ 218,684	\$ 171,054	\$ 126,809
Fees receivable, net	326,359	282,047	239,243	205,760	143,762
Other current assets	89,407	61,243	53,152	48,794	39,579

Total current assets	512,868	432,184	511,079	425,608	310,150
Intangibles and other assets	490,097	371,260	321,792	219,704	133,958

Total assets	\$1,002,965	\$ 803,444	\$ 832,871	\$ 645,312	\$ 444,108
=====					
Deferred revenues	\$ 385,932	\$ 354,517	\$ 288,013	\$ 254,071	\$ 198,952
Other current liabilities	201,407	117,363	126,822	118,112	92,456

Total current liabilities	587,339	471,880	414,835	372,183	291,408
Long-term debt	307,254	250,000	--	--	--
Other liabilities	33,552	7,078	3,098	3,259	2,465
Stockholders' equity	74,820	74,486	414,938	269,870	150,235

Total liabilities and stockholders' equity	\$1,002,965	\$ 803,444	\$ 832,871	\$ 645,312	\$ 444,108
=====					

(1) Amounts for 2000 through 1997 reflect the reclassification of equity losses from minority-owned investments to Interest income and other from Costs and expenses in the Consolidated Statements of Operations.

EX-21.1

SUBSIDIARIES OF REGISTRANT

EXHIBIT 21.1

SUBSIDIARIES OF REGISTRANT

STATE/COUNTRY OF
INCORPORATION

Computer & Communications Information Group, Inc. (dba Datapro Information Services)	New Jersey
Computer Consultancy Group, Limited	United Kingdom
Computer Financial Consultants, Inc.	Delaware
Computer Financial Consultants, Limited	United Kingdom
cPulse, LLC	Delaware
Dataquest Australia Pty. Ltd.	Australia
Dataquest, Incorporated	California
Dataquest (Korea), Inc.	Delaware
Decision Drivers, Inc.	Delaware
Gartner Group Canada Co.	Nova Scotia
G.G. Canada, Inc.	Delaware
G.G. Credit, Inc.	Delaware
G.G. Global Holdings, Inc.	Delaware
G.G. Properties, Ltd.	Bermuda
G.G. West Corporation	Delaware
Gartner (Cambridge) Holdings, Inc.	Delaware
Gartner Enterprises, Ltd.	Delaware
Gartner Fund I, Inc.	Delaware
Gartner Fund II, Inc.	Delaware
Gartner Group Advisory (Singapore) PTE ltd	Singapore
Gartner Group Argentina, S.A	Argentina
Gartner Group Austria GmbH	Austria
Gartner Group Belgium BVBA	Belgium
Gartner Group Chile, S.A	Chile
Gartner Group do Brasil, S/C Ltda	Brazil
Gartner Group Europe Holdings, B.V	The Netherlands
Gartner Group Financial Services Company	Ireland
Gartner Group France S.A.R.L	France
Gartner Group FSC, Inc.	Barbados
Gartner Group, GmbH	Germany
Gartner Group Hong Kong, Ltd.	Hong Kong
Gartner Group Holdings Ireland, Limited	Ireland
Gartner Group Ireland, Limited	Ireland
Gartner Group Italia, S.r.L	Italy
Gartner Group Japan K.K	Japan
Gartner Group Learning, Inc.	Minnesota
Gartner Group Nederland B.V	The Netherlands
Gartner Group Norge A/S	Norway
Gartner Group Pacific Pty Ltd.	Australia
Gartner Group (Thailand) Ltd.	Thailand
Gartner Group Scandinavia ApS	Denmark
Gartner Group Sverige AB	Sweden
Gartner Group Switzerland AG	Switzerland
Gartner Group Taiwan Ltd.	Taiwan
Gartner Group UK Ltd.	United Kingdom

SUBSIDIARIES OF REGISTRANT

STATE/COUNTRY OF
INCORPORATION

Griggs-Anderson, Inc.
IT-radar.com, Inc.
National Institute for Management Technology
People3, Inc.
SI Venture Associates, L.L.C
SI Venture Fund II, LP
TechRepublic Holdings, Inc.
TechRepublic Inc.
The IT Management Programme
The Research Board, Inc.
The Warner Group
Vision Events International, Inc.
Wentworth Research Limited

Delaware
Minnesota
Ireland
Delaware
Delaware
Delaware
Delaware
Delaware
United Kingdom
Delaware
California
Delaware
United Kingdom

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENT SCHEDULE

The Board of Directors and Stockholders
Gartner Group, Inc.:

Under date of October 30, 2000, we reported on the consolidated balance sheets of Gartner Group, Inc. and subsidiaries as of September 30, 2000 and 1999, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the three-year period ended September 30, 2000, which are incorporated by reference in the Form 10K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule in Form 10K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

St. Petersburg, Florida
October 30, 2000

INDEPENDENT AUDITORS' CONSENT

The Board of Directors and Stockholders
Gartner Group, Inc.:

We consent to incorporation by reference in the registration statements (No. 33-67576, No. 33-85926, No. 33-92486, No. 333-35169, No. 333-42587, No. 333-77015, No. 333-77013 and No. 333-30546) on Form S-8 of Gartner Group, Inc. of our reports dated October 30, 2000 relating to the consolidated balance sheets of Gartner Group, Inc. and subsidiaries as of September 30, 2000 and 1999, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three year period ended September 30, 2000, and financial statement schedule, which report appears in the September 30, 2000 Annual Report on Form 10-K of Gartner Group, Inc.

/s/ KPMG LLP

St. Petersburg, Florida
December 28, 2000

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF GARTNER GROUP, INC. FOR THE PERIOD ENDED SEPTEMBER 30, 2000, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS	
	SEP-30-2000
	OCT-01-1999
	SEP-30-2000
	61,698
	35,404
	326,359
	5,004
	0
	512,868
	188,921
	97,662
	1,002,965
	587,339
	0
	0
	59
	74,761
1,002,965	
	858,671
	858,671
	398,773
	398,773
	411,688
	4,256
	24,900
	56,101
	28,826
	27,275
	0
	1,729
	0
	25,546
	0.29
	0.29

Amount reported is EPS-BASIC