

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, 2001

OR

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

COMMISSION FILE NUMBER 0-14443

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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

04-3099750
(I.R.S. Employer
Identification Number)

P.O. BOX 10212
56 TOP GALLANT ROAD
STAMFORD, CT
(Address of principal executive offices)

06904-2212
(Zip Code)

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 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 Registrant, as of November 30, 2001, was approximately \$768.0 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, 2001 was 51,196,453 shares of Common Stock, Class A and 32,547,828 shares of Common Stock, Class B.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement for the 2002 Annual Meeting of Stockholders of the Registrant currently scheduled to be held on March 6, 2002 are incorporated by reference into Part III of this Report.

GARTNER, INC.

2001 ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS

GENERAL

Gartner, Inc., 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. We currently provide comprehensive coverage of the IT industry to approximately 10,000 client organizations. The Company is organized into three business segments: research, consulting and events.

- Research. Gartner's research products and services 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. Gartner distributes its research products through a number of electronic delivery formats, CD ROM and print media.
- Consulting consists primarily of consulting, measurement engagements and strategic advisory services (paid one-day analyst engagements), which provide comprehensive assessments of cost performance, efficiency and quality for all areas of IT.
- Events consists of various focused symposia, conferences and exhibitions. Gartner's primary clients are senior business executives, IT professionals, purchasers and vendors of IT products and services.

MARKET OVERVIEW

In the dynamic IT marketplace, vendors continually introduce new products with a wide variety of standards and ever-shorter life cycles. The users of technology -- almost all organizations -- must not only stay abreast of these new developments, but also make major financial commitments to new IT systems and products in a short time. To purchase and plan effectively, they need independent, third-party research and consultative services.

While the pace of IT investments is expected to slow significantly in 2002, companies are still spending more on IT than they were two years ago. Those investments are expected to account for more than half of all capital spending and 6% of GDP in the United States in 2002. The intense scrutiny on technology spending ensures that Gartner's products and services remain essential in the current economy, for while the nature of client decision-making is changing, the need for value-added, independent and objective research and analysis of the IT market has not.

PRODUCTS AND SERVICES

The Company's principal products and services are Research, Consulting and Events.

- Research. Gartner devotes an experienced research team to every significant IT product category. Our staff researches and prepares published reports and responds to telephone and e-mail inquiries from clients. Clients receive our information through a number of electronic delivery formats -- including gartner.com -- as well as CD-ROM and print media. Most clients purchase annually renewable subscription contracts for research products. Among these products: highlights of industry developments and trends, new product and technology evaluations, quantitative market research, and comparative analysis of IT operations of organizations. Gartner Research also provides clients with information such as IT trends and vendor strategies, statistical analysis, growth projections, and market share rankings of suppliers and vendors. This information is useful to IT manufacturers and the financial community; it also helps business leaders formulate, implement and execute growth strategies. By using Gartner research, IT buyers, technology users, vendors and business executives are able to make decisions faster and with greater confidence. Our research products and services include our core research business, Dataquest, Gartner Executive Programs and GartnerG2.

- Consulting. Consulting consists primarily of consulting and measurement engagements and strategic advisory services. Gartner's consulting provides customized project consulting on the delivery, deployment and management of high-tech products and services. We offer consulting through seven specialized practices: Enterprise Solutions, IT Strategy & Management, Architecture & Technology, Human Capital Management, Strategic Sourcing, Market & Business Strategies, and General Advisory Services. Our Measurement services provide performance management, benchmarking, continuous improvement and best practices services.
- 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, Gartner's flagship event held in Orlando, Florida; Cannes, France; Tokyo, Japan and Sydney, Australia. Throughout the year, the Company sponsors other conferences, seminars and briefings worldwide. Attendees at the majority of Gartner events pay in advance of the event. Events revenues are deferred and recognized upon the completion of the related symposium, conference or exhibition.

See Note 17 of the Notes to Consolidated Financial Statements for a summary of the Company's operating segments and geographic information.

COMPETITION

We believe that the principal competitive factors that differentiate Gartner are:

- high quality, independence and objectivity of our research and analysis;
- multi-faceted expertise in all industries and technologies, both legacy and emerging;
- our position as the only research company with broad consulting capabilities, and the only consulting firm with research;
- timely delivery of information;
- the ability to offer products that meet changing market needs and prices; and
- superior customer service.

We believe we compete 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 our clients. We also compete indirectly against consulting firms and other information providers, including electronic and print media companies. These indirect competitors could choose to compete directly with Gartner in the future. In addition, limited barriers to entry exist in the markets in which we compete. 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 Gartner's products and services, reduced pricing and increased sales and marketing expenditures. The Company may not be successful if it cannot continue to compete effectively on any of its principal competitive factors.

EMPLOYEES

As of September 30, 2001, the Company had 4,281 employees, of which 825 employees are located at the Company's headquarters in Stamford, CT; 1,955 are located at other domestic facilities; and 1,501 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.

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 has a significant presence in the United Kingdom with approximately 89,000 square feet of leased office space in two buildings located in Egham, UK. The Company also leases office space in 50 domestic and 43 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, if needed, 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 Annual Report.

PART II

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

As of November 30, 2001, there were approximately 220 holders of record of the Company's Class A Common Stock and approximately 3,964 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 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 for the periods indicated.

CLASS A COMMON STOCK

FISCAL YEAR 2001		FISCAL YEAR 2000	
HIGH	LOW	HIGH	LOW

First Quarter ended December			
31.....			
\$12.38	\$5.66	\$19.00	\$ 9.56
Second Quarter ended March			
31.....			
\$ 9.16	\$6.01	\$22.25	\$12.63
Third Quarter ended June			
30.....			
\$11.00	\$5.80	\$17.00	\$11.38
Fourth Quarter ended September			
30.....			
\$11.17	\$8.40	\$15.25	\$11.63

CLASS B COMMON STOCK

FISCAL YEAR 2001		FISCAL YEAR 2000	
HIGH	LOW	HIGH	LOW
----- First Quarter ended December			
31			
\$10.94	\$4.95	\$18.75	\$ 9.38
----- Second Quarter ended March			
31			
\$ 8.45	\$5.81	\$17.63	\$10.00
----- Third Quarter ended June			
30			
\$ 9.81	\$5.50	\$13.25	\$ 9.19
----- Fourth Quarter ended September			
30			
\$10.60	\$8.05	\$13.06	\$ 9.75

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

FISCAL YEAR ENDED SEPTEMBER 30,	2001	2000	1999	1998	1997

----- (IN THOUSANDS, EXCEPT PER SHARE DATA) CONSOLIDATED STATEMENTS OF OPERATIONS DATA: Revenues:					
Research.....	\$535,114	\$509,781	\$479,045	\$433,141	
		\$349,600			
Consulting.....	265,450	208,810	149,840	110,955	
		84,631			
Events.....	132,684	108,589	75,581	49,121	34,256
Other.....	18,794	27,414	29,768	48,740	42,752

----- Total					
revenues.....	952,042				
854,594	734,234	641,957	511,239		
costs and expenses.....					
	909,528	770,463	600,866	496,227	
393,047	-----				
----- Operating					
income.....	42,514				
84,131	133,368	145,730	118,192		
gain (loss) on sale of					
investments.....	(640)	29,630	--	(1,973)	--
					Net loss
					from minority-owned
investments.....	(26,817)	(775)	(846)	(511)	(202)
					Interest
income.....	1,616				
3,936	9,518	9,650	7,260		
expense.....					
(22,391)	(24,900)	(1,272)	(94)	--	
					Other expense,
net.....	(3,674)				
(722)	(1,521)	(1,681)	(1,377)	-----	

Income (loss) from continuing operations before income taxes.....					
	(9,392)				
91,300	139,247	151,121	123,873		
Provision (benefit) for income taxes....	(9,172)	36,447	50,976		
62,774	50,743	-----			
----- Income (loss) from continuing operations.....					
(220)	54,853	88,271	88,347	73,130	
Loss from discontinued operation, net of					
taxes.....					

	(65,983)	(27,578)	-----	--
Extraordinary loss on debt extinguishment, net of taxes.....	--	(1,729)	--	-----

	----- Net income			
(loss).....				
\$(66,203)	\$ 25,546	\$ 88,271	\$ 88,347	
\$ 73,130	=====	=====	=====	
	===== Weighted average shares outstanding:			
Basic.....				
85,862	86,564	101,881	100,194	94,742
Diluted.....				
85,862	89,108	104,603	105,669	102,751

FISCAL YEAR ENDED SEPTEMBER 30, --

 ----- 2001 2000 1999

1998 1997 -----

-- (IN
 THOUSANDS, EXCEPT PER SHARE DATA)

NET INCOME (LOSS) PER COMMON

SHARE: Basic: Income (loss) from

continuing

operations.....

\$ (0.00) \$ 0.63 \$ 0.87 \$ 0.88 \$

0.77 Loss from discontinued

operation..... (0.77) (0.31) -- -

- -- Extraordinary

loss..... -- (0.02)

- ----- Net income

(loss)..... \$

(0.77) \$ 0.30 \$ 0.87 \$ 0.88 \$ 0.77

=====

===== Diluted: Income

(loss) from continuing

operations.....

\$ (0.00) \$ 0.62 \$ 0.84 \$ 0.84 \$

0.71 Loss from discontinued

operation..... (0.77) (0.31) -- -

- -- Extraordinary

loss..... -- (0.02)

- ----- Net income

(loss)..... \$

(0.77) \$ 0.29 \$ 0.84 \$ 0.84 \$ 0.71

=====

===== CONSOLIDATED

BALANCE SHEET DATA: Cash and cash

equivalents, marketable equity

securities..... \$

40,378 \$ 97,102 \$ 88,894 \$218,684

\$171,054 Fees receivable,

net..... 300,306

323,849 282,047 239,243 205,760

Other current

assets..... 108,137

157,823 61,243 53,152 48,794 -----

----- Total current

assets..... 448,821

578,774 432,184 511,079 425,608

Property, equipment, and leasehold

improvements,

net..... 100,288

88,402 63,592 50,801 44,102

Intangibles and other

assets..... 289,893 305,185

307,668 270,991 175,602 ----- -

----- Total

assets.....

\$839,002 \$972,361 \$803,444

\$832,871 \$645,312 =====

=====

===== Deferred

revenues.....

\$351,263 \$384,966 \$354,517

\$288,013 \$254,071 Other current

liabilities..... 176,251

191,465 117,363 126,822 118,112 --

----- Total current

liabilities..... 527,514

576,431 471,880 414,835 372,183

Long-term

debt.....

326,200 307,254 250,000 -- --

Other

liabilities.....

19,806 13,856 7,078 3,098 3,259

Stockholders' equity

(deficit).....	(34,518)		
74,820	74,486	414,938	269,870 ----

----- Total liabilities and			
stockholders' equity			
(deficit).....			
\$839,002	\$972,361	\$803,444	
\$832,871	\$645,312	=====	
=====	=====	=====	
	=====		

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

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual 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. Forward-looking statements are any statements other than statements of historical fact, including statements regarding the Company's expectations, beliefs, hopes, intentions or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "expects," "should," "believes," "plans," "anticipates," "estimates," "predicts," "potential," "continue," or other words of similar meaning. 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" below. Readers should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, the Company disclaims any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur. Readers should also carefully review any risk factors described in Company Reports filed with the Securities and Exchange Commission.

BUSINESS STRATEGY

Gartner is a research and advisory firm that helps business and IT professionals use technology to build, guide and grow their enterprises. The Company employs a diversified business model leveraging our unparalleled breadth and depth of research intellectual capital to maintain and enhance our market-leading position and brand franchise.

The Company's primary objective is consistent revenue growth with higher, more predictable profit through moderated investment. We are focused on:

- improving the profitability and free cash flow of our three core business segments;
- maintaining our position as the market leader among research and advisory firms; and
- growing our business relationships with our most valuable clients.

Profitability & Cash Flow. The Company has a number of strategies for improving operating margins and increasing free cash flow, including:

- rigorous analysis and assessment of our client, product and market portfolio;
- reducing selling, general and administrative expenses as a percentage of revenue by (1) leveraging the Company's global infrastructure to tightly control worldwide costs, (2) maximizing our inside sales model (which has a lower cost of selling), and (3) focusing client growth on our most valuable clients;
- enhancing analyst productivity and consultant utilization;
- managing capital expenditures and foreign exchange exposure;
- tax planning; and
- selectively investing in new initiatives aligned with core competencies and capable of driving near-term returns.

Market Leadership. Gartner is by far the leading provider of proprietary research and analysis of the IT industry and the world's pre-eminent source of insight about technology purchasing and deployment. The Company's global network of professionals is an unrivalled "brain trust" of provocative thought leadership. Gartner employs more analysts with more data points than any competitor; these analysts advise over 1,000 executives each day across 80 countries. Hundreds of experienced Gartner consultants combine our objective, independent research with a practical, sought-after business perspective focused on the IT market. Gartner's

events are the world's largest of their kind, gathering one of the most highly qualified audiences of senior business executives, IT professionals, purchasers and vendors of IT products and services.

Business Relationships. Gartner serves approximately 10,000 client organizations and roughly half of the Fortune 1000. Our great strength is the intimate understanding of our clients' industries and the technologies they employ, and the expertise to redefine and transform their businesses. A key strategy is to increase business volume with our most valuable clients, identifying relationships with the greatest sales potential and expanding those relationships where possible by offering strategically relevant research and analysis. Our diversified business model provides multiple entry points and synergies that facilitate increased client spending on Gartner research, consulting and events. Specific growth opportunities in fiscal 2002 include GartnerG2, a new research service designed specifically for business executives, and Gartner Executive Programs ("Gartner EXP"), concierge-quality service and personalized programs for senior IT executives.

BUSINESS MEASURES

Research encompasses 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. The Company typically enters into annually renewable subscription contracts for research products. Revenues from research products are deferred and recognized ratably over the contract term. Consulting revenues, primarily derived from consulting and measurement engagements and strategic advisory services 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, conference or exhibition. Other revenues includes software licensing fees which are recognized when a signed non-cancellable software license exists, delivery has occurred, collection is probable, and the Company's fees are fixed or determinable. Revenue from software maintenance is deferred and recognized ratably over the term of each maintenance agreement, typically twelve months.

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

REVENUE CATEGORY	BUSINESS MEASUREMENTS
Research	Contract value attributable to all subscription research products with ratable revenue recognition. Contract value is calculated as the annualized value of all subscription research contracts in effect at a given point in time, without regard to the duration of the contracts.
Consulting	Consulting backlog represents future revenue to be derived from in-process consulting, measurement and strategic advisory services engagements.
Events	Deferred events revenue directly relates to symposia, conferences and exhibitions.

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 subscription products for an equal or higher level each year. In addition, the Company has been able to increase its multi-year contracts to 48% of total contract value at September 30, 2001 from 40% at September 30, 2000. Total research contract value decreased 7% to approximately \$556.0 million at September 30, 2001 from \$599.2 million at September 30, 2000. The decrease was due primarily to less favorable economic conditions which have led to constrained IT spending, the September 11th terrorist attacks, which occurred three weeks before the Company's fiscal year end and the impact of

foreign currency adjustments. After adjusting for foreign exchange, research contract value was down 4%.

Total research deferred revenues of \$263.5 million and \$296.9 million at September 30, 2001 and 2000, 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.

All research contracts are billable upon signing, absent special terms granted on a limited basis from time to time. All research 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. With the exception of certain government contracts which permit termination, it is the Company's policy to record at the time of signing of a contract the entire amount of the contract billable as a fee receivable, which represents a legally enforceable claim, and a corresponding amount as deferred revenue. For government contracts which permit termination, the Company bills the client the full amount billable under the contract but only records a receivable equal to the earned portion of the contract. In addition, the Company only records deferred revenue on these contracts when cash is received. Deferred revenues attributable to government contracts were \$24.5 million and \$33.8 million at September 30, 2001 and 2000, respectively. In addition, at September 30, 2001, the Company has billed but not yet collected \$13.3 million of government contracts which permit termination. Accordingly, the Company has not recorded the receivable and associated deferred revenue for these contracts. The Company records the commission obligation related to research contracts upon the signing of the contract and amortizes the corresponding deferred commission expense over the contract period in which the related revenues are earned.

Consulting backlog increased 13% to approximately \$119.0 million at September 30, 2001 from \$105.5 million at September 30, 2000. The increase in backlog reflects primarily the growth in the strategic advisory services engagements.

Deferred revenue from events decreased 2% to approximately \$70.5 million at September 30, 2001 from \$72.2 million at September 30, 2000. The decrease was due primarily to less favorable economic conditions and the September 11th attacks, including the related impacts on clients' willingness to travel.

Historically, 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 over the immediately preceding quarter 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 operating income margins have generally not been as high in the remaining quarters, the full year impact of acquisitions and strategic initiatives may result in operating margin trends in the future that are not comparable to historical trends.

RESULTS OF OPERATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2001 VERSUS FISCAL YEAR ENDED SEPTEMBER 30, 2000

Total revenues increased 11% to \$952.0 million in fiscal 2001 compared to \$854.6 million in fiscal 2000.

- Research revenue increased 5% in fiscal 2001 to \$535.1 million compared to \$509.8 million in fiscal 2000 and comprised approximately 56% and 60% of total revenues in fiscal 2001 and 2000, respectively.
- Consulting revenue increased 27% to \$265.5 million in fiscal 2001 compared to \$208.8 million in fiscal 2000 and comprised approximately 28% and 24% of total revenues in fiscal 2001 and 2000, respectively.
- Events revenue was \$132.7 million in fiscal 2001, an increase of 22% over the \$108.6 million in fiscal 2000 and comprised approximately 14% of total revenues in fiscal 2001 versus 13% in fiscal 2000.
- Other revenues, consisting principally of software licensing and maintenance fees, decreased 31% to \$18.8 million in fiscal 2001 from \$27.4 million in fiscal 2000.

Although the growth rate in total revenues declined slightly in fiscal 2001, 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 prior year acquisitions (see discussion of segment results below).

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 and Canadian clients increased 12% to \$633.7 million in fiscal 2001 from \$563.6 million in fiscal 2000. Revenues from sales to European clients increased 8% to \$248.2 million in fiscal 2001 from \$230.3 million in fiscal 2000. Revenues from sales to Other International clients increased by 16% to \$70.2 million in fiscal 2001 from \$60.7 million in fiscal 2000.

The Company's sales strategy is to maintain its focus on large customers and to expand sales of product and service offerings to different user bases within existing and potential client companies. Key components of this strategy are the focus on the Company's most valuable accounts to ensure that these relationships are maintained and expanded, emphasis on GartnerG2, Gartner EXP and seat retention and penetration amongst Fortune 1000 companies. 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 2002.

Costs and expenses, excluding other charges, in fiscal 2001, increased to \$863.0 million from \$770.5 million in fiscal 2000. The increase in costs and expenses reflects the additional support required for the growing client base, incremental costs associated with conferences, and strategic investments which included the hiring of additional project executives and sales personnel in the first half of fiscal 2001, and spending on sales productivity tools and interactive initiatives. During fiscal 2001, the Company implemented certain measures, including the workforce reduction in the second half of the year, to reduce ongoing costs and expenses.

Cost of services and product development expenses were \$439.6 million and \$387.7 million for fiscal 2001 and fiscal 2000, respectively. The costs of services and product development expenses increased as a percentage of total revenues to 46% from 45%. The increase is attributable to growth in personnel costs associated with the development and delivery of products and services.

Selling, general and administrative expenses increased to \$370.1 million in fiscal 2001 from \$341.9 million in fiscal 2000. The increase was due to recruiting and facilities costs related to the growth in Company personnel as well as increases in sales costs associated with revenue growth.

Depreciation expense increased to \$40.9 million in fiscal 2001 from \$27.8 million in fiscal 2000, primarily due to capital spending and internal use software development costs required to support business growth, including the launch of the new gartner.com web site in January 2001. Amortization of intangibles of \$12.4 million in fiscal 2001 was down from \$13.0 million in fiscal 2000.

During 2001, the Company recorded other charges of \$46.6 million. Of these charges, \$24.8 million are associated with the Company's workforce reduction announced in April 2001. This workforce reduction has resulted in the elimination of 383 positions, or approximately 8% of the Company's workforce. Approximately \$14.3 million of the other charges are associated with the write-down of goodwill and other long-lived assets to net realizable value as a result of the Company's decision to discontinue certain unprofitable products, and \$7.5 million of the charge is associated primarily with the write-off of internally developed systems in connection with the launch of gartner.com and seat-based pricing. At September 30, 2001, \$6.6 million of the termination benefits relating to the workforce reduction remain to be paid, primarily in the first quarter of fiscal 2002. The Company is funding these costs out of operating cash flows.

Operating income decreased 49% to \$42.5 million in fiscal 2001 compared to \$84.1 million in fiscal 2000. In fiscal 2001, the United States and Canada, and Europe markets experienced declines in operating income of 49% and 21%, respectively. Other International markets experienced an operating loss for the year. These operating results were all impacted by the other charges recorded during fiscal 2001. On a consolidated basis, operating income as a percentage of total revenues was 4% and 10%, respectively, for fiscal 2001 and 2000. Operating income was impacted, in part, by other charges and costs associated with the re-architecture of the Company's web capabilities and its research methodology and delivery processes, and higher growth in lower margin consultative services. Excluding the other charges, operating income for fiscal 2001 was 9.4% of total

revenues. The Company decreased its staff by approximately 8% in the second half of fiscal 2001 and, in the fourth quarter, decreased the expense to revenue ratio on selling, general and administrative expense by 2.4 percentage points as compared to the fourth quarter of last year. As a result of the Company's cost reduction initiatives, operating margin improved from 7.9% for the first six months of the fiscal year to 10.8% for the second half, all excluding other charges.

Net loss on sale of investments in fiscal 2001 of \$0.6 million includes the sale of the Company's remaining 1,922,795 shares of Jupiter Media Metrix ("Jupiter") for net cash proceeds of \$7.5 million for a pre-tax loss of \$5.6 million, offset in part by the sale of shares received from the Company's venture capital funds, SI Venture Associates ("SI I") and SI Venture Fund II ("SI II") for net cash proceeds of \$6.0 million for a pre-tax gain of \$4.9 million. Net gain on sale of investments in fiscal 2000 reflects the sale of 1,995,950 shares of Jupiter 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 acquired this investment as consideration for its sale of GartnerLearning in September 1998. In addition, in fiscal 2000 the Company settled a claim arising from the sale of GartnerLearning to NETg Inc. The claim asserted that the Company had breached its contractual commitment under a joint venture to co-produce a product when the business was sold. The claim was settled for approximately \$6.7 million and has been recorded as a loss on sale of investments.

Net loss from minority-owned investments in fiscal 2001 of \$26.8 million was primarily the result of impairment losses related to investments owned by the Company through SI I, SI II and other directly owned investments for other than temporary declines in value. These investments are comprised of early to mid-stage IT-based or Internet-enabled companies. The Company made an assessment of the carrying value of its investments and determined that certain investments were in excess of their fair value due to the significance and duration of the decline in valuation of comparable companies operating in the internet and technology sectors (see Note 5 -- Investments in the Notes to Consolidated Financial Statements). The impairment factors evaluated by management may change in subsequent periods, given that the entities underlying these investments operate in a volatile business environment. In addition, these entities may require additional financing to meet their cash and operational needs, however, there can be no assurance that such funds will be available to the extent needed, at terms acceptable to the entities, if at all. This could result in additional material non-cash impairment charges in the future.

Interest expense decreased to \$22.4 million in fiscal 2001 from \$24.9 million in fiscal 2000. The decrease related primarily to lower interest rates and lower revolving credit borrowings compared to fiscal 2000. Interest income of \$1.6 million in fiscal 2001 was down from \$3.9 million in fiscal 2000 due to a lower average balance of funds available for investment and due to lower interest rates. Other expense, net increased to \$3.7 million in fiscal 2001 from \$0.7 million in fiscal 2000. The increase relates primarily to foreign currency exchange losses.

Provision for income taxes on continuing operations was a benefit of \$9.2 million in fiscal 2001 compared to a provision of \$36.4 million in fiscal 2000. The effective tax rate in 2001, less the impact of a one-time tax benefit of \$14.5 million due to the utilization of foreign tax credits in the second half of the year and other charges and losses on investments and related tax impact, was 37% compared to 40% for fiscal 2000. The decrease in the effective tax rate from fiscal 2000 is due to on-going tax planning initiatives. A more detailed analysis of the changes in the provision (benefit) for income taxes is provided in Note 14 of the Notes to Consolidated Financial Statements.

Diluted income (loss) per common share from continuing operations decreased to \$0.00 per share in fiscal 2001 compared to \$0.62 per share in fiscal 2000 and \$0.84 per share in fiscal 1999. Excluding the effect of other charges of \$46.6 million, losses on investments of \$27.5 million, net of tax benefits of \$18.6 million, in the aggregate, on these items, and certain one-time tax benefits of \$14.5 million, diluted income per common share from continuing operations was \$0.47 per share in fiscal 2001. Excluding the effect of the net gain on investments of \$28.9 million, net of taxes of \$11.6 million, diluted net income per common share from continuing operations was \$0.42 per share in fiscal 2000. Excluding the effect of other charges related to the

Company's recapitalization of \$23.4 million, net of tax benefits of \$6.0 million on these items, plus a one-time tax benefit of \$2.5 million, diluted income per common share from continuing operations was \$0.98 per common share in fiscal 1999. Basic income (loss) per common share from continuing operations was \$0.00 per common share in fiscal 2001 compared to \$0.63 per common share in fiscal 2000 and \$0.87 per common share in fiscal 1999.

On July 2, 2001, the Company sold its subsidiary, TechRepublic, to CNET Networks, Inc. ("CNET") for approximately \$23.0 million in cash and common stock of CNET, before reduction for certain termination benefits. The proceeds were \$14.3 million in cash and 755,058 shares of CNET common stock, which had a fair market value of \$12.21 per share on July 2, 2001. From July 2, 2001 through September 30, 2001, the market value of the CNET shares had declined substantially, accordingly the Company recorded a \$3.9 million impairment charge in net loss from minority-owned investments representing an other than temporary decline in market value of the CNET common stock. The Consolidated Financial Statements of the Company have been restated to reflect the disposition of the TechRepublic segment as a discontinued operation in accordance with APB Opinion No. 30. Accordingly, revenues, costs and expenses, assets, liabilities, and cash flows of TechRepublic have been excluded from the respective captions in the Consolidated Statements of Operations, Consolidated Balance Sheets and Consolidated Statements of Cash Flows, and have been reported through the date of disposition as "Loss from discontinued operation," "Net assets of discontinued operation," and "Net cash used by discontinued operation," for all periods presented. During 2001, the Company recorded a pre-tax loss of \$66.4 million (\$39.9 million after tax) to recognize the loss on the sale of TechRepublic. This pre-tax loss includes a write-down of \$42.4 million of assets, primarily goodwill, to net realizable value, operating losses through the date of sale of \$6.5 million, severance and related benefits of \$8.3 million, and other sale-related costs and expenses, including costs associated with the closure of facilities, of \$9.2 million.

Segment Analysis:

The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution is defined as operating income excluding certain selling, general and administrative expenses, depreciation, amortization of intangibles and other charges.

Research

Research revenues grew 5% to \$535.1 million in fiscal 2001 as compared to \$509.8 million in the prior fiscal year. The increase was due primarily to higher client retention in North America, the continued successful migration of clients from legacy to seat-based pricing, the increased penetration of new buying centers within existing clients and continued focus and growth of GartnerG2 and Gartner EXP. The new pricing structure provides broader access to research compared to the traditional individual research subscription. During fiscal 2001, the Company launched GartnerG2, a new research service designed specifically to help business executives grow their companies. The Company expects that the gartner.com web site and launch of GartnerG2 will facilitate continued penetration within the existing client base as well as the ability to add new clients. Research gross contribution in fiscal 2001 increased to \$352.6 million from \$341.1 million in fiscal 2000. Gross contribution margin decreased slightly to 66% in fiscal 2001 from 67% in fiscal 2000, primarily a result of the investments in gartner.com and the launch of GartnerG2. Gross contribution margin increased to 67% for the second half of fiscal 2001 from 64% for the first half, due in large part to cost reduction measures instituted during the year.

Consulting

Consulting revenues grew 27% to \$265.5 million in fiscal 2001 as compared to \$208.8 million in the prior fiscal year. The increase was due primarily to an increase in the number of projects, increased project size, and increases in billing rates. Consulting gross contribution increased by 15% to \$86.9 million in fiscal 2001 from \$75.7 million in fiscal 2000. Consulting gross contribution margin of 33% in fiscal 2001 decreased from 36% in fiscal 2000 primarily due to increases in compensation expense related to the hiring of additional personnel in the first half of fiscal 2001, coupled by an increase in non-billable services, such as training, participation in

annual symposia events, and increased selling activity. Gross contribution margin increased to 40% for the second half of fiscal 2001 from 23% for the first half, due in large part to cost reduction measures instituted during the year. The Company intends to reduce the rate of investment in consulting and improve consultant productivity in an effort to improve profitability.

Events

Events revenues grew 22% to \$132.7 million in fiscal 2001 as compared to \$108.6 million in the prior fiscal year. The increase was due to greater attendance at existing and new events and increased sponsorships and exhibit revenues. Events gross contribution increased by 26% to \$63.6 million in fiscal 2001 from \$50.6 million in fiscal 2000 with gross contribution margin of 48% in 2001 compared to 47% in fiscal 2000. The increase in gross contribution margin was due to the ability of the Company to leverage existing events and an overall increase in sponsorship and exhibitor sales.

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

Total revenues increased 16% to \$854.6 million in fiscal 2000 as compared to \$734.2 million in fiscal 1999.

- Research revenue increased 6% in fiscal 2000 to \$509.8 million compared to \$479.0 million in fiscal 1999 and comprised approximately 60% and 65% of total revenues in fiscal 2000 and 1999, respectively.
- Consulting revenue 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 20% 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 and maintenance fees, experienced a slight decrease of \$2.4 million to \$27.4 million in fiscal 2000 from \$29.8 million in fiscal 1999.

Revenue grew in the three defined geographic market areas of the Company: United States and Canada, Europe, and Other International. Revenues from sales to United States and Canadian clients increased 19% to \$563.6 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 reflected primarily the general recovery in the economic climate in the Asian markets in fiscal 2000 as compared to fiscal 1999.

Costs and expenses, excluding other charges in fiscal 1999, increased to \$770.5 million in fiscal 2000 from \$577.4 million in fiscal 1999. The increase in costs and expenses reflected 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 gartner.com initiatives. Cost of services and product development expenses were \$387.7 million and \$293.6 million for fiscal 2000 and fiscal 1999, respectively. The increase in costs of services and product development expenses, as a percentage of total revenues to 45% from 40%, was 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 \$341.9 million in fiscal 2000 from \$252.2 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 involved information systems support, telecommunication, facilities, and human capital costs.

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 16 -- Recapitalization in the Notes to Consolidated Financial Statements) and \$14.2 million of costs, primarily severance related, incurred as part of strategic reduction in workforce initiatives.

Depreciation expense increased to \$27.8 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 \$3.0 million in fiscal 2000 as compared to fiscal 1999, reflecting primarily goodwill associated with fiscal 2000 and 1999 acquisitions.

Operating income decreased 37% to \$84.1 million in fiscal 2000 compared to \$133.4 million in fiscal 1999. In fiscal 2000, the United States and Canada, Europe, and Other International markets experienced declines in operating income of 13%, 64% and 71%, respectively. On a consolidated basis, operating income as a percentage of total revenues was 10% and 18%, respectively, for fiscal 2000 and 1999. Operating income was impacted, in part, by expenditures related to planned investments and the rearchitecture of the Company's Web capabilities and the research methodology and delivery processes, the hiring of analysts and consultants and higher growth in lower margin consultative services.

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, Gartner settled a claim arising from the sale of GartnerLearning to NETg Inc. The claim asserted that the Company had breached its contractual commitment under its joint venture arrangement to co-produce a product when the business was sold. The claim was settled for approximately \$6.7 million and has been recorded as a loss on sale of investments. 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 29%, or \$14.6 million, to \$36.4 million in fiscal 2000 from \$51.0 million in fiscal 1999. The effective tax rate was 40% and 37% for fiscal 2000 and fiscal 1999, respectively. The increase in the effective rate principally reflected the impact of non-deductible goodwill related to acquisitions. A more detailed analysis of the changes in the provision for income taxes is provided in Note 14 of the Notes to Consolidated Financial Statements.

In fiscal 2000, the Company entered into a second amendment to its 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.

Segment Analysis:

The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution is defined as operating income excluding certain selling, general and administrative expenses, depreciation, amortization of intangibles and other charges.

Research

Research revenues grew 6% to \$509.8 million in fiscal 2000 as compared to \$479.0 million in the prior fiscal year due to increased sales penetration into new and existing clients. Contributing to the growth in sales was the introduction of a new pricing architecture launched in the third quarter of fiscal 2000. This pricing plan provides broad access to Gartner research on price per seat basis. Research gross contribution in fiscal 2000 increased slightly to \$341.1 million from \$336.9 million in fiscal 1999. Gross contribution margin decreased to 67% in fiscal 2000 from 70% in fiscal 1999 due primarily to slower revenue growth and increases in compensation expenses associated with headcount and annual merit increases.

Consulting

Consulting revenues grew 39% to \$208.8 million in fiscal 2000 as compared to \$149.8 million in the prior fiscal year due primarily to an increase in demand for IT consulting. Also contributing to the revenue growth was the full year impact of prior year and current year acquisitions. Consulting gross contribution increased by 35% to \$75.7 million in fiscal 2000 from \$55.9 million in fiscal 1999. Consulting gross contribution margin of 36% in fiscal 2000 decreased from 37% in fiscal 1999 primarily due to the impact of integration costs and lower margins associated with new strategic consulting practices and recent consulting related acquisitions.

Events

Events revenues grew 44% to \$108.6 million in fiscal 2000 as compared to \$75.6 million in the prior fiscal year due to a growth in attendance at existing and new events and increased sponsorships and exhibit revenues. Events gross contribution increased by 56% to \$50.6 million in fiscal 2000 from \$32.5 million in fiscal 1999 with gross contribution margin increasing to 47% in 2000 from 43% in fiscal 1999. The increase in Events gross contribution margin was due to the ability of the Company to leverage existing event infrastructure, selected price adjustments, and an overall increase in sponsorship and exhibitor sales.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities during fiscal 2001 was \$73.5 million, compared to \$104.3 million in the prior fiscal year. The decrease was primarily due to lower operating income which was impacted by termination payments associated with the workforce reduction and to changes in balance sheet accounts.

Cash used in investing activities totaled \$44.6 million for fiscal 2001, compared to \$98.6 million used by investing activities in fiscal 2000. Cash used in investing activities during fiscal 2001 and 2000 included \$57.5 million and \$54.6 million, respectively, for additions to property, equipment and leasehold improvements. The additions to property, equipment and leasehold improvements were primarily the result of investments in gartner.com and other infrastructure systems. This was partially offset by proceeds from the sale of marketable securities and discontinued operations of \$14.4 million and \$10.5 million, respectively. Cash used in investing activities during fiscal 2000 included \$115.2 million in cash used 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. This was partially offset by proceeds from the sale of marketable securities and investments of \$55.5 million and \$36.0 million, respectively.

Cash used in financing activities totaled \$18.9 million in fiscal 2001, compared to \$1.0 million of cash provided by financing activities in fiscal 2000. The cash used in financing activities in fiscal 2001 resulted primarily from the purchase of treasury stock of \$37.9 (see discussion below under Stock Repurchases). Net proceeds from borrowings under the Company's credit facility of \$15.0 million and \$9.1 million in proceeds from the issuance of common stock for the Employee Stock Purchase Plan and from the exercise of stock options partially offset the cash used in financing activities. Fiscal 2000 included \$420.0 million in borrowings under a credit facility and issuance of the convertible notes (see Note 10 -- Debt in the Notes to the Consolidated Financial Statements) offset by repayments of \$370.0 million of borrowings under the credit facility. Additionally, the Company paid \$49.9 million for the repurchase of shares under the terms of the recapitalization plan, as well as \$8.2 million for the settlement of a forward purchase agreement on the

Company's common stock (see discussion below under Stock Repurchases). Cash provided by financing activities in fiscal 2000 also includes \$13.1 million in proceeds from the issuance of common stock upon the exercise of employee stock options and from the Employee Stock Purchase Plan.

Total cash used by discontinued operations was \$34.2 million in fiscal 2001 and \$30.1 million in fiscal 2000.

Stock Repurchases

The Company completed the required open market purchases pursuant to the recapitalization plan with the \$5.4 million purchase, in fiscal 2001, of 662,363 shares of Class A Common Stock and 4,128 shares of Class B Common Stock. Shares purchased in the open market since July 1999 under the plan totaled 5,166,691 shares.

On July 19, 2001, the Company's Board of Directors approved the repurchase of up to \$75.0 million of Class A and Class B Common Stock. Repurchases will be made from time to time over the next two years, subject to the availability of the stock, prevailing market conditions, the market price of the stock, and the Company's financial performance. Repurchases will be funded from cash flow from operations and possible borrowings under the Company's existing credit facility. Repurchases will be made proportionately between shares of the two classes of common stock. As a part of the repurchase program, on August 29, 2001, the Company purchased 1,867,149 shares of its Class A Common Stock at \$9.88 per share from IMS Health, Inc. During the fourth quarter of fiscal 2001, the Company purchased an additional 451,000 shares of Class A Common Stock and 7,960 shares of Class B Common Stock in the open market, at an average price of \$9.42 per share. These purchases, taken together, were at a cost of \$22.9 million.

In addition, during fiscal 2001, the Company also purchased 1,164,154 shares of its Class A Common Stock through an early termination of its forward purchase agreement at a cost of \$9.7 million.

In fiscal 2000, 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 plan.

At September 30, 2001, cash and cash equivalents totaled \$37.1 million. The effect of exchange rates reduced cash and cash equivalents by \$0.4 million for the year ended September 30, 2001, and was due to the strengthening of the U.S. dollar against certain foreign currencies. In fiscal 2000, the effect of exchange rates reduced cash and cash equivalents by \$3.8 million.

The Company has a \$200.0 million unsecured senior revolving credit facility with JPMorgan Chase Bank. At September 30, 2001, there was \$15.0 million outstanding under the facility. The Company is subject to certain customary affirmative, negative and financial covenants under this credit facility, and continued compliance with these covenants could preclude the Company from borrowing the maximum amount of the credit facilities. As a result of these covenants, the Company's borrowing availability at September 30, 2001 was \$123.7 million. The Company also issues letters of credit in the ordinary course of business. As of September 30, 2001, the Company had letters of credit outstanding with JPMorgan Chase Bank for \$0.8 million and with The Bank of New York for \$2.0 million.

The Company also has outstanding convertible notes in the principal amount of \$326.2 million as of September 30, 2001. These notes are due and payable on April 17, 2005. On or after April 17, 2003, subject to satisfaction of certain customary conditions, the Company may redeem all of the convertible notes for cash provided that (1) the average closing price of the class A Common Stock for the twenty consecutive trading days immediately preceding the date the redemption notice is given equals or exceeds 150% of the adjusted conversion price, and (2) the closing price of the Class A Common Stock on the trading day immediately preceding the date the redemption notice is given also equals or exceeds 150% of the adjusted conversion price of \$7.45 per share. The redemption price is the face amount of the notes plus all accrued interest. If the Company initiates the redemption, Silver Lake has the option of receiving payment in cash, stock, or a combination of cash and stock. Commencing on April 18, 2003, Silver Lake may elect to convert all or a portion of the notes to stock. If Silver Lake initiates the conversion, the Company has the option of redeeming all such notes for cash at a price based on the number of shares into which the notes would be converted and

the market price on the date the notice of conversion is given. On the maturity date, April 17, 2005, the Company must satisfy any remaining notes for cash.

Letters of credit are issued by the Company in the ordinary course of business. At September 30, 2001, the Company had outstanding letters of credit with The Bank of New York for \$2.0 million and with JPMorgan Chase Bank for \$0.8 million.

The Company has a total remaining investment commitment to the SI II venture capital fund of \$7.4 million at September 30, 2001. This remaining commitment is expected to be funded in fiscal 2002.

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 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. If the Company were to require substantial amounts of additional capital 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.

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. In addition, the Company and its clients are affected by the condition of the general economy. The following section discusses many, but not all, of these risks and uncertainties.

General Economic Conditions. The Company's revenues and results of operations are influenced by general economic conditions. A general economic downturn or a recession, anywhere in the world, could negatively effect demand for the Company's products and services and may substantially reduce existing and potential client information technology-related budgets. Such economic downturn may materially and adversely affect the Company's business, financial condition and results of operations including the ability to achieve continued customer renewals and achieve new contract value, backlog and deferred events revenue. The recent less favorable economic conditions and the September 11th terrorist attacks, which occurred three weeks before fiscal year end, have led to constrained IT spending and some unwillingness on the part of clients to travel, thereby impacting the events business.

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 markets in which the Company competes. As a result, additional new competitors may emerge and existing competitors may start to provide additional or complementary services. Although the Company's market share has been increasing, 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 success depends heavily upon the quality of its senior management, sales personnel, analysts, consultants and other key personnel. The Company faces competition for these qualified professionals from, among others, technology 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 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 successfully continue to 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. Failure to increase and improve the Company's Internet capabilities could adversely affect the Company's future business and operating results. Technological advances may provide increased competition from a variety of sources.

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 arrangement on 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. 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. In addition, these entities may require additional financing to meet their cash and operational needs, however, there can be no assurance that such funds will be available to the extent needed, at terms acceptable to the entities, if at all. As a result, the Company's financial results could be materially impacted.

Indebtedness. 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. Pursuant to the terms of the \$300.0 million convertible notes issued by the Company in April 2000 (see Note 10 -- Debt in the Notes to Consolidated Financial Statements), the conversion price per share is \$7.45. As a result, the number of shares of Class A

Common Stock issuable upon conversion of the notes is 43.9 million shares of Class A Common Stock at September 30, 2001. Although the Company has the right to redeem the notes in certain circumstances, there can be no assurance that the Company will be able to obtain sufficient capital on a commercially reasonable basis, or at all, in order to fund any such redemption, which in turn, could impact future business and operating results.

Organizational and Product Integration Related to Acquisitions. The Company has made and may 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 ability to integrate successfully 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.

Enforcement of the Company's Intellectual Rights. The Company relies on a combination of copyright, patent, trademark, trade secrets, confidentiality 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 in July 1999, the Company agreed to certain restrictions on business activity to reduce the risk to IMS Health, Inc. and its stockholders of substantial tax liabilities associated with the spin-off by IMS Health, Inc. 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. 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 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, and competition in the industry. An inability to generate sufficient earnings and cash flow, and achieve our forecasts, may impact operating activities, the share repurchase program and other activities.

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. During 2001, a twelfth country joined and established a fixed conversion rate between its sovereign currency and the euro. In 2002, participating countries will adopt the euro as their

single currency. 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, 2001, the Company 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 2001, Statement of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141") and Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("FAS 142") were issued. FAS 141 requires the purchase method of accounting to be used for all business combinations initiated or completed after June 30, 2001. FAS 141 also specifies criteria that intangible assets acquired must meet to be recognized and reported separately from goodwill. The Company does not anticipate that adoption of FAS 141 will have any material effect on the Company. FAS 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized but instead be measured for impairment at least annually, or when events indicate that there may be an impairment. In connection with the FAS 142 transitional goodwill impairment evaluation, the Company is required to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. To accomplish this, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of adoption. The Company will then have up to six months from the date of adoption to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, an indication exists that the reporting unit goodwill may be impaired and the Company must perform the second step of the transitional impairment test. In the second step, the Company must compare the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill, both of which would be measured as of the date of adoption. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in accordance with Statement 141. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. This second step is required to be completed as soon as possible, but no later than the end of the year of adoption. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statement of operations.

FAS 142 is effective for fiscal years beginning after December 15, 2001. Early adoption is permitted for companies with fiscal years beginning after March 15, 2001. The Company expects to adopt FAS 142 in the first quarter ended December 31, 2001. Because of the extensive effort needed to comply with adopting FAS 142, it is not practicable to reasonably estimate the impact on the Company's financial statements, specifically whether it will be required to recognize any transitional impairment losses as the cumulative effect of a change in accounting principle. As of September 30, 2001, the Company had unamortized goodwill of \$216.8 million and unamortized identifiable intangible assets of \$5.4 million. Amortization expense related to goodwill and other identifiable intangible assets was \$9.1 million and \$3.3 million, respectively, for the fiscal year ended September 30, 2001.

In June 2001, Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("FAS 143") was issued. FAS 143 addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and the associated retirement costs that result from the acquisition, construction, or development and normal operation of a long-lived asset. Upon initial recognition of a liability for an asset retirement obligation, FAS 143 requires an increase in the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the assets useful life. FAS 143 is effective for fiscal years beginning after

June 15, 2002. The adoption of this statement is not expected to have a material impact on the Company's financial position or results of operations.

In August 2001, Statement of Financial Standards No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets" ("FAS 144") was issued. FAS 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets to be Disposed of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently occurring Events and Transactions." FAS 144 also amends ARB ("Accounting Research Bulletins") No. 51, Consolidated Financial Statements, to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. FAS 144 retains the fundamental provisions of FAS 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while resolving significant implementation issues associated with FAS 121. Among other things, FAS 144 provides guidance on how long-lived assets used as part of a group should be evaluated for impairment, establishes criteria for when long-lived assets are held for sale, and prescribes the accounting for long-lived assets that will be disposed of other than by sale. FAS 144 is effective for fiscal years beginning after December 15, 2001. The Company is currently evaluating the effect, if any, that adoption of FAS 144 will have on the Company's financial position and results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk for changes in interest rates relates primarily to borrowing under long-term debt which consists of a \$200.0 million unsecured senior revolving credit facility with JPMorgan Chase Bank and \$326.2 million of 6% convertible subordinated notes (see Note 10 -- Debt in the Notes to Consolidated Financial Statements). At September 30, 2001, there was \$15.0 million outstanding under the revolving credit facility. Under the revolving credit facility the interest rate on borrowings is based on LIBOR plus an additional 100 to 200 basis points based on the Company's debt to EBITDA ratio. The Company believes that an increase or decrease of 10% in the effective interest rate on available borrowings from its senior revolving credit facility, if fully utilized, will not have a material effect on future results of operations. In addition, pursuant to the terms of the convertible subordinated notes, the conversion price as of September 30, 2001 was \$7.45 per share. The number of shares of Class A Common Stock issuable upon conversion of the notes as of September 30, 2001 was 43.9 million shares with a total market value of \$397.2 million, using the Company's September 30, 2001 market price. Commencing on April 17, 2003, the note holder can convert the notes into shares of Class A Common Stock. Although the Company has the right to redeem the notes in certain circumstances, including after a conversion election, there can be no assurance that the Company will be able to obtain sufficient capital on a commercially reasonable basis, or at all, to fund a redemption.

Beginning in 1997, the Company entered into a series of forward purchase agreements that extended through May 2003 to offset the dilutive effect of the Company's stock-based employee compensation plans. These agreements were settled quarterly on a net basis in either shares of the Company's Class A Common Stock or cash, at the Company's option. During the year ended September 30, 2001, two settlements resulted in the Company's issuance of 491,789 shares of Class A Common Stock and paying approximately \$64,000 in cash. During the quarter ended June 30, 2001, the Company reacquired 1,164,154 shares of Class A Common Stock for approximately \$9.7 million through an early termination of the forward purchase agreements. As of September 30, 2001, the Company has no remaining commitments under these forward purchase agreements.

The Company is exposed to market risk as it relates to changes in the market value of its equity investments. The Company invests in equity securities of public companies directly and through SI I and SI II. The Company owns 34% of SI II. SI I and SI II are engaged in making venture capital investments in early to mid-stage IT-based or Internet-enabled companies (see Note 5 -- Investments in the Notes to the Consolidated Financial Statements). As of September 30, 2001, the Company had equity investments totaling \$18.5 million, including available for sale marketable securities with a fair market value of \$3.2 million and a cost basis of \$5.3 million. The gross unrealized losses of \$2.0 million have been recorded net of deferred taxes of \$0.8 million as a separate component of accumulated other comprehensive income in the stockholders' equity section of the Consolidated Balance Sheets. The gross unrealized gains were insignificant. These

investments are inherently risky as the businesses are typically in early development stages and may never develop. Furthermore, certain of these investments are in publicly traded companies whose shares are subject to significant market price volatility. Adverse changes in market conditions and poor operating results of the underlying investments may result in the Company incurring additional losses or an inability to recover the original carrying value of its investments. The Company does not attempt to reduce or eliminate its market exposure on its investments in equity securities and may incur additional losses related to these investments. If there were a 100% adverse change in the value of the Company's equity portfolio as of September 30, 2001, this would result in a non-cash impairment charge of \$18.5 million.

The Company faces two risks related to foreign currency exchange: translation risk and transaction risk. Amounts invested in the Company's foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss) in the stockholders' equity (deficit) section of the Consolidated Balance Sheets. The Company's foreign subsidiaries generally collect revenues and pay expenses in currencies other than the United States dollar. Since the functional currency of the Company's foreign operations is generally the local currency, foreign currency translation adjustments are reflected as a component of stockholders' equity and do not impact operating results. Revenues and expenses in foreign currencies translate into higher or lower revenues and expenses in U.S. dollars as the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may negatively affect the Company's consolidated revenues and expenses (as expressed in U.S. dollars) from foreign operations. Currency transaction gains or losses arising from transactions in currencies other than the functional currency are included in results of operations. The Company has generally not entered into foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates. At September 30, 2001, the Company had only one outstanding foreign currency forward contract outstanding. The contract requires the Company to sell U.S. dollars and purchase Japanese yen. The contract amount is \$1.0 million, and is for a one year term expiring on September 25, 2002, and contains a forward exchange rate of 114.26 Japanese yen. The foreign currency forward contract was entered into to offset the foreign exchange effects of the Company's Japanese yen intercompany payable, which had a value at September 30, 2001 of \$1.0 million. The forward contract and the intercompany payable are each reflected at fair value with gains and losses recorded currently in earnings.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's consolidated financial statements as September 30, 2001 and 2000 and for each of the years in the three-year period ended September 30, 2001, together with the reports of KPMG LLP, independent auditors, dated October 29, 2001 are included in this Annual Report beginning on Page F-1.

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

The information required to be furnished pursuant to this item will be set forth under the captions "Proposal One: Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Company's 2002 Annual Meeting of Stockholders currently scheduled to be held on March 6, 2002 (the "Proxy Statement") or if the Proxy Statement is not filed with the Commission by January 25, 2002, such information will be included in an amendment to this Annual Report filed by January 25, 2002.

ITEM 11. EXECUTIVE COMPENSATION

The information required to be furnished pursuant to this item is incorporated by reference from the information set forth under the caption "Executive Compensation" in the Proxy Statement or if the Proxy Statement is not filed with the Commission by January 25, 2002, such information will be included in an amendment to this Annual Report filed by January 25, 2002.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required to be furnished pursuant to this item will be set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement or if the Proxy Statement is not filed with the Commission by January 25, 2002, such information will be included in an amendment to this Annual Report filed by January 25, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required to be furnished pursuant to this item will be set forth under the caption "Certain Relationships and Transactions" in the Proxy Statement or if the Proxy Statement is not filed with the Commission by January 25, 2002, such information will be included in an amendment to this Annual Report filed by January 25, 2002.

PART IV

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

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

The independent auditors' report, consolidated financial statements and financial statement schedule listed in the Index to Consolidated Financial Statements and Schedule on page F-1 hereof are filed as part of this report, beginning on page F-2 hereof.

All other financial statement schedules not listed in the Index 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(8) Amended
and Restated
Certificate of
Incorporation -
- July 16, 1999

3.1b
Certificate of
Amendment of
the Restated
Certificate of
Incorporation -
- February 1,
2001 3.1c(5)

Certificate of
Designation,
Preferences and
Rights of
Series A Junior
Participating
Preferred Stock
and Series B
Junior
Participating
Preferred Stock
of the Company
-- March 1,
2000 3.2(8)
Amended Bylaws,
as amended
through April
14, 2000 4.1

Form of
Certificate for
Common Stock,
Class A -- as
of February
2001 4.2 Form
of Certificate
for Common
Stock, Class B
-- as of
February 2001
4.3(5) Rights
Agreement,
dated as of
February 10,
2000, between
the Company and
Bank Boston
N.A., as Rights
Agent, with
related
Exhibits 4.4
Amended and
Restated Credit
Agreement dated
July 17, 2000
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
10.1(1) Form of
Indemnification
Agreement
10.2a(7)
Securities
Purchase
Agreement dated
as of March 21,
2000 between
the Company,
Silver Lake
Partners, L.P.,
Silver Lake
Technology
Investors,
L.L.C. and
other parties
thereto

EXHIBIT NUMBER
DESCRIPTION OF
DOCUMENT -----

10.2b(7)

Amendment to
the Securities
Purchase
Agreement dated
as of April 17,
2000 between
the Company,
Silver Lake
Partners, L.P.,
Silver Lake
Technology
Investors, and
the other
parties thereto

10.2c(7) Form
of 6%
Convertible
Junior

Subordinated
Promissory Note
due April 17,
2005

10.2d(7)
Securityholders
Agreement dated
as of April 17,
2000 among the
Company, Silver
Lake Partners,
L.P. and the
other parties
thereto

10.2e
Letter

Agreement dated
September 6,
2001 relating
to the

Securities
Purchase

Agreement and
6% Convertible
Junior

Subordinated
Promissory

Notes

10.3a(2)
Lease dated

December 29,
1994 between

Soundview Farms
and the Company
for premises at
56 Top Gallant
Road, 70

Gatehouse Road,
and 88

Gatehouse Road,
Stamford,
Connecticut

10.3b(4) Lease

dated May 16,
1997 between

Soundview Farms
and the Company
for 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 10.3a)
10.4(4)* 1991
Stock Option
Plan, as
amended and
restated on
October 12,
1999 10.5(8)*
1993 Director
Stock Option
Plan as amended
and restated on
April 14, 2000
10.6(1)*
Employee Stock
Purchase Plan
10.7(4)* 1994
Long Term Stock
Option Plan, as
amended and
restated on
October 12,
1999 10.8(1)
Commitment
Letter dated
July 16, 1993
from The Bank
of New York
10.9(4)* 1998
Long Term Stock
Option Plan, as
amended and
restated on
October 12,
1999 10.10(3)
Commitment
Letter dated
September 30,
1996 from Chase
Manhattan Bank
10.11(4)* 1996
Long Term Stock
Option Plan, as
amended and
restated on
October 12,
1999 10.12a(4)*
Employment
Agreement
between Manuel
A. Fernandez
and the Company
as of November
12, 1998
10.12b(8)*
Addendum No. 1
to Employment
Agreement
between Manuel
A. Fernandez
and the Company
as of April 14,
2000 10.13(6)*
Employment
Agreement
between Michael
D. Fleisher and
the Company as
of November 1,
1999 10.14(8)*
Employment
Agreement
between Regina
M. Paolillo and
the Company as
of July 1, 2000
10.15a(8)*
Employment

Agreement
between Robert
E. Knapp and
the Company
dated as of
August 7, 2000
10.15b*
Addendum No. 1
to Employment
Agreement
between Robert
E. Knapp and
the Company as
of February 1,
2001 21.1
Subsidiaries of
Registrant 23.1
Independent
Auditors'
Consent 24.1
Power of
Attorney (see
Signature Page)

* Management compensation plan or arrangement.

- (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 Annual Report on Form 10-K filed on December 22, 1999.
- (5) Incorporated by reference from the Company's Form 8-K dated March 1, 2000 as filed on March 7, 2000.
- (6) Incorporated by reference from the Company's Quarterly Report on Form 10-Q as filed on May 12, 2000.
- (7) Incorporated by reference from the Company's Form 8-K dated April 17, 2000 as filed on April 25, 2000.
- (8) Incorporated by reference from the Company's Annual Report on Form 10-K as filed on December 29, 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, 2001.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

GARTNER, INC.

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statements of Changes in Stockholders' Equity (Deficit) for Years Ended September 30, 2001, 2000 and 1999.....	F-6
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Schedule II -- Valuation and Qualifying Accounts, Years Ended September 30, 2001, 2000 and 1999.....	S-2

REPORT BY MANAGEMENT

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 reliable financial information. The internal control system is augmented with written policies and procedures, an organizational structure providing division of responsibilities and 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 non-employee 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 2001, 2000 and 1999, KPMG LLP, audit and render an opinion on the financial statements in accordance with generally accepted auditing 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/ MICHAEL D. FLEISHER

Michael D. Fleisher
Chairman of the Board and Chief
Executive Officer

/s/ REGINA M. PAOLILLO

Regina M. Paolillo
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Gartner, Inc.:

We have audited the accompanying consolidated balance sheets of Gartner, Inc. and subsidiaries as of September 30, 2001 and 2000, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the years in the three-year period ended September 30, 2001. 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, Inc. and subsidiaries as of September 30, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

New York, New York
October 29, 2001

GARTNER, INC.

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, -----	2001	2000	-----
(IN THOUSANDS, EXCEPT SHARE DATA) ASSETS			
Current assets: Cash and cash equivalents.....			
	\$ 37,128		
	\$ 61,698		Marketable equity
securities.....	3,250	35,404	
Fees receivable, net of allowances of \$5,600 in 2001 and \$5,004 in 2000.....	300,306		
	323,849		Deferred
commissions.....			
34,822	46,756		Prepaid expenses and other current
assets.....	73,315	34,738	Net assets of discontinued operation.....
	76,329		----- Total current
assets.....	448,821		
578,774			Property, equipment and leasehold
improvements, net.....	100,288	88,402	Intangible
assets, net.....	222,233	237,105	Other
assets.....	67,660	68,080	----- Total
assets.....	\$ 839,002	\$ 972,361	===== LIABILITIES AND
STOCKHOLDERS' EQUITY (DEFICIT) Current liabilities:			
Accounts payable and accrued			
liabilities.....	\$ 161,251	\$ 191,465	
			Deferred
revenues.....			
	351,263	384,966	Short-term
debt.....			
15,000			----- Total current
liabilities.....	527,514		
576,431			----- Long-term convertible
debt.....	326,200		
	307,254		Other
liabilities.....			
19,806	13,856		Commitments and contingencies
Stockholders' equity (deficit): 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
	77,737,660	77,066,738	shares of Class A Common Stock (77,066,738
			in 2000) and 40,689,648 shares of Class B Common
			Stock in 2001 and in 2000.....
	59	59	Additional paid-in
capital.....	342,216		
	333,828		Unearned compensation,
net.....	(5,145)	(6,451)	
			Accumulated other comprehensive loss,
	(14,961)	(1)	Accumulated
earnings.....			
116,083	182,286		Treasury stock, at cost, 26,621,154
shares of Class A Common Stock (23,740,562 in 2000) and 8,141,820 shares of Class B Common Stock (8,129,732 in 2000).....			
	(472,770)	(434,901)	----- Total
stockholders' equity (deficit).....			
(34,518)	74,820		----- Total liabilities
			and stockholders' equity
(deficit).....	\$ 839,002	\$ 972,361	=====

See Notes to Consolidated Financial Statements.

GARTNER, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEAR ENDED SEPTEMBER 30, -----	-----	-----	-----	-----
2001	2000	1999		
- (IN THOUSANDS, EXCEPT PER SHARE DATA) Revenues:				
Research.....	\$535,114	\$509,781	\$479,045	
Consulting.....	265,450	208,810	149,840	
Events.....	132,684	108,589	75,581	
Other.....	18,794	27,414	29,768	----- Total
revenues.....	854,594	734,234	Costs and expenses: Cost of services and	952,042
product development.....	439,629	387,746	293,612 Selling, general and	
administrative.....	370,096	341,874	252,195	
Depreciation.....	40,873	27,839	21,592 Amortization of	
intangibles.....	10,041	Other	12,367	13,004
charges.....	46,563	23,426	----- Total costs	
and expenses.....	770,463	600,866	----- Operating	42,514
income.....	84,131	133,368	Net gain (loss) on sale of	
investments.....	(640)	29,630	-- Net	
loss from minority-owned investments.....	(26,817)	(775)	(846) Interest	
income.....	3,936	9,518	Interest	1,616
expense.....	(22,391)	(24,900)	(1,272) Other expense,	
net.....	(722)	(1,521)	----- Income (loss)	(3,674)
from continuing operations before income				
taxes.....	(9,392)	91,300	139,247 Provision (benefit) for income	
taxes.....	(9,172)	36,447	50,976 -----	
Income (loss) from continuing				
operations.....	(220)	54,853	88,271	
Discontinued operation, net of taxes: Loss from				
discontinued operation.....	(27,578)	-- Loss on disposal of discontinued	(26,059)	
operation.....	(39,924)	-- --	-----	
Loss from discontinued				
operation.....	(65,983)	(27,578)	-- --	
Income (loss) before				
extraordinary item.....	(66,203)	27,275		
88,271 Extraordinary loss on debt extinguishment, net of				
taxes.....	-- (1,729)	--	----- Net	
income (loss).....	\$ (66,203)	\$ 25,546	\$ 88,271	=====
Net income (loss) per common share: Basic: Income (loss)				
from continuing operations.....	\$ (0.00)	\$ 0.63		
operation.....	\$ 0.87	Loss from discontinued		
operation.....	(0.30)	(0.31)	-- Loss on	
disposal of discontinued operation.....	(0.47)	--		
Extraordinary				
loss.....	-- (0.02)	-- --		
Net income				
(loss).....	\$ (0.77)	\$		
0.30 \$ 0.87	=====	=====	===== Diluted: Income	
(loss) from continuing operations.....	\$ (0.00)			
operation.....	\$ 0.62	\$ 0.84	Loss from discontinued	
operation.....	(0.30)	(0.31)	-- Loss on	
disposal of discontinued operation.....	(0.47)	--		
Extraordinary				
loss.....	-- (0.02)	-- --		
Net income				
(loss).....	\$ (0.77)	\$		
0.29 \$ 0.84	=====	=====	===== Weighted average	
shares outstanding:				

Basic.....	85,862	86,564	101,881	=====	=====	=====
Diluted.....	85,862	89,108	104,603	=====	=====	=====

See Notes to Consolidated Financial Statements.
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GARTNER, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

ACCUMULATED OTHER ADDITIONAL UNEARNED
 COMPREHENSIVE PREFERRED COMMON PAID-IN
 COMPENSATION, INCOME (LOSS), STOCK
 STOCK CAPITAL NET NET -----

 - (IN THOUSANDS, EXCEPT SHARE DATA)
 Balance at September 30,
 1998..... \$ -- \$57 \$262,776 \$ 0
 \$ (2,155) Net

income.....
 -- -- -- -- Foreign currency
 translation

adjustments.....
 -- -- -- -- (1,675) 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 at September 30,
 1999..... -- 58 314,829 (8,280)
 (3,830) Net

income.....
 -- -- -- -- Foreign currency
 translation

adjustments.....
 -- -- -- -- (11,667) Net unrealized
 gain on marketable investments, net of
 tax effect of

\$12,084.....
 -- -- -- -- 15,496 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) -- --
TOTAL STOCKHOLDERS' ACCUMULATED
TREASURY EQUITY EARNINGS STOCK
(DEFICIT) -----
----- (IN THOUSANDS, EXCEPT SHARE
DATA) Balance at September 30,
1998..... \$ 193,485 \$ (39,225)
\$ 414,938 Net
income.....
88,271 -- 88,271 Foreign currency
translation
adjustments.....
-- -- (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 at
September 30, 1999..... 156,740
(385,031) 74,486 Net
income.....
25,546 -- 25,546 Foreign currency
translation
adjustments.....
-- -- (11,667) Net unrealized gain on
marketable investments, net of tax
effect of
\$12,084.....
-- -- 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)

GARTNER, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(DEFICIT) -- (CONTINUED)

ACCUMULATED OTHER ADDITIONAL UNEARNED
COMPREHENSIVE PREFERRED COMMON PAID-IN
COMPENSATION, INCOME (LOSS), STOCK
STOCK CAPITAL NET NET -----

- (IN THOUSANDS, EXCEPT SHARE DATA)
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 at September 30,
2000..... -- 59 333,828 (6,451)
(1) Net
loss.....
-- -- -- -- -- Foreign currency
translation
adjustments.....
-- -- -- -- -- 1,627 Change in net
unrealized loss on marketable
investments, net of tax effect of
\$12,811..... -- -- --
-- (16,587) Comprehensive
loss.....
-- Issuance of 592,832 shares of Class
A Common Stock upon exercise of stock
options.....
-- 0 3,650 -- -- Issuance from
treasury stock of 769,085 shares of
Class A Common Stock for purchases by
employees..... -- -- 5,374
-- -- Tax benefits of stock
transactions with
employees.....
-- -- 1,331 -- -- Net settlement paid
of 491,789 shares of Class A Common
Stock and \$64 on forward purchase
agreement..... -- --
(73) -- -- Acquisition of 4,144,666
shares of Class A and 12,088 shares of
Class B Common
Stock.....
-- -- -- -- -- Elimination of minority
interest from sale of discontinued
operation..... -- -- (2,056) -- --
Issuance of subsidiary stock upon
exercise of stock
options..... -- -- 56 -- --
Compensation from modification of
stock options related to employee
terminations.....
-- -- 261 -- -- Amortization of
unearned compensation.... -- -- --
1,151 -- Issuance of 81,290 shares of

Class A Common Stock upon earnout of restricted shares and forfeiture of unvested restricted share awards..... -- -- (155) 155

Balance at September 30,
2001..... \$ -- \$59 \$342,216
\$(5,145) \$(14,961) =====
=====

TOTAL STOCKHOLDERS' ACCUMULATED
TREASURY EQUITY EARNINGS STOCK
(DEFICIT) -----
----- (IN THOUSANDS, EXCEPT SHARE
DATA) 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 at
September 30, 2000..... 182,286
(434,901) 74,820 Net
loss.....
(66,203) -- (66,203) Foreign currency
translation
adjustments.....
-- -- 1,627 Change in net unrealized
loss on marketable investments, net of
tax effect of
\$12,811..... -- --
(16,587) ----- Comprehensive
loss..... -- --
(81,163) Issuance of 592,832 shares of
Class A Common Stock upon exercise of
stock
options.....
-- -- 3,650 Issuance from treasury
stock of 769,085 shares of Class A
Common Stock for purchases by
employees..... -- 15 5,389
Tax benefits of stock transactions
with
employees.....
-- -- 1,331 Net settlement paid of
491,789 shares of Class A Common Stock
and \$64 on forward purchase
agreement..... -- 9
(64) Acquisition of 4,144,666 shares
of Class A and 12,088 shares of Class
B Common
Stock.....
-- (37,893) (37,893) Elimination of
minority interest from sale of
discontinued operation..... -- --
(2,056) Issuance of subsidiary stock
upon exercise of stock
options..... -- -- 56
Compensation from modification of
stock options related to employee
terminations.....
-- -- 261 Amortization of unearned
compensation.... -- -- 1,151 Issuance
of 81,290 shares of Class A Common
Stock upon earnout of restricted

shares and forfeiture of unvested restricted share awards.....	-- --	-----
	-----	Balance at
September 30, 2001.....	\$	
116,083	\$(472,770)	\$ (34,518)
=====	=====	=====

See Notes to Consolidated Financial Statements.
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GARTNER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, -----	2001	2000	1999	-----	(IN
THOUSANDS)					
Operating activities: Net income					
(loss).....					\$(66,203)
\$ 25,546 \$ 88,271 Adjustments to reconcile net income					
(loss) to cash provided by operating activities of					
continuing operations: Loss from discontinued					
operation.....	65,983	27,578	--		
Depreciation and amortization of					
intangibles.....	53,240	40,843	31,633		
Deferred compensation.....	1,151				
2,151 1,660 Tax benefit associated with employee exercise					
of stock					
options.....					
1,331 4,179 15,096 Provision for doubtful					
accounts.....	5,037	4,256	5,128		
Deferred					
revenues.....					
(35,488) 36,993 57,270 Deferred tax (benefit)					
expense.....	(34,973)	(10,159)			
6,648 Net loss (gain) on sale of					
investments.....	640	(29,630)	--		
Net loss					
from minority-owned investments.....	26,817				
775 846 Accretion of interest and amortization of debt					
issuance					
costs.....					
20,802 9,520 -- Non-cash charges associated with					
impairment of long-lived					
assets.....					
18,888 -- -- Extraordinary loss on debt extinguishment,					
net of tax					
benefit.....					
-- 1,729 -- Acquisition-related tax benefit applied to					
reduce					
goodwill.....					
158 966 327 Changes in assets and liabilities, excluding					
effects of acquisitions and discontinued operation:					
(Increase) decrease in fees					
receivable.....	19,634	(51,633)	(40,628)		
(Increase) decrease in deferred					
commissions.....	11,902	(16,552)	(3,186)		
(Increase) decrease in prepaid expenses and other current					
assets.....	(26,039)	(4,500)	381		
(Increase) decrease in other					
assets.....	(2,559)	(11,245)	(4,880)		
Increase (decrease) in accounts payable and accrued					
liabilities.....	13,147	73,514	(14,651)		

Cash					
provided by operating activities.....	73,468	104,331	143,915		
Investing activities: Payments for businesses acquired					
(excluding cash					
acquired).....					
(12,011) (115,162) (57,769) Proceeds from sale of					
marketable equity securities.....	14,437	55,516	--		
Proceeds from sale of					
investments.....	--	36,000	--		
Payments for					
investments.....	--	(20,427)			
(13,960) Addition of property, equipment and leasehold					
improvements.....	(57,546)	(54,565)	(31,747)		
(57,546) (54,565) (31,747) Net proceeds from sale of					
discontinued operation.....	10,501	--	--		
Marketable					
debt securities sold, net.....	--	--			
104,550 -----					
Cash (used in)					
provided by investing activities.....	(44,619)				
(98,638) 1,074 -----					
Financing					
activities: Proceeds from the exercise of stock					
options.....	3,706	8,092	18,033		
Proceeds from					
Employee Stock Purchase Plan offering.....	5,389	5,016			
4,842 Net cash settlement on forward purchase					
agreement.....	(64)	(8,200)	(10,900)		
Purchase of					
treasury stock.....	(37,893)				
(49,877) (345,819) Proceeds from issuance of debt and					

related option.....	15,000	420,000	250,000	Payments
on debt.....				--
	(370,000)	--	Payments for debt issuance	
costs.....	(5,000)	(3,993)	(4,925)	
	Dividends			
paid.....				-- --
(125,016) -----			Cash (used in)	
provided by financing activities.....			(18,862)	
1,038 (213,785) -----			Net increase	
(decrease) in cash and cash equivalents.....			9,987	
6,731 (68,796) Cash used by discontinued				
operation.....	(34,203)	(30,096)	--	
Effect of exchange rates on cash and cash				
equivalents.....	(354)	(3,831)	(54)	Cash and cash
equivalents, beginning of period.....			61,698	
88,894 157,744 -----			Cash and cash	
equivalents, end of period.....			\$ 37,128	\$
61,698 \$ 88,894 =====			Supplemental	
disclosures of cash flow information: Cash paid during				
the period for:				
Interest.....				
	\$ 1,589	\$ 14,964	\$ 976	Income
taxes.....				\$
14,729 \$ 13,685 \$ 47,045				Supplemental schedule of non-
cash investing and financing activities: Stock issued by				
Company and subsidiary in connection with				
acquisitions.....				
\$ -- \$ 2,000 \$ 15,056				Option to purchase subsidiary
shares issued by Company....	\$ --	\$ 1,000	\$ --	

See Notes to Consolidated Financial Statements.

GARTNER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The fiscal year of Gartner, Inc. (the "Company") represents the period from October 1 through September 30. References to 2001, 2000 and 1999, unless otherwise indicated, are to the respective fiscal year. Certain prior year amounts have been reclassified to conform to the current year presentation or restated to reflect the disposition of the previously reported TechRepublic segment as a discontinued operation (see Note 3 -- Discontinued operation).

Principles of consolidation. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated. The Company's investments in companies in which it owns less than 50% but has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. All other investments for which the Company does not have the ability to exercise significant influence or for which there is not a readily determinable market value are accounted for under the cost method of accounting. 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.

Revenue and commission expense recognition. The Company typically enters into annually renewable subscription contracts for research products. Revenue from research products is deferred and recognized ratably over the contract term. Consulting revenues, primarily derived from consulting, measurement and strategic advisory services (paid one-day analyst 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, conference or exhibition. In addition, the Company defers certain costs directly related to events and expenses these costs in the period during which the related symposium, conference or exhibition occurs. The Company's policy is to defer only those costs, primarily prepaid site and production services costs, that are incremental and are directly attributable to a specific event. Other costs of organizing and producing the Company's events, primarily Company personnel and non-event specific expenses, are expensed in the period incurred. At the end of each fiscal quarter, management assesses on an event-by-event basis whether expected direct costs of producing a scheduled event will exceed expected revenues. If such costs are expected to exceed revenues, the Company records the expected loss in the period determined. Other revenues includes software licensing fees which are recognized when a signed non-cancellable software license exists, delivery has occurred, collection is probable, and the Company's fees are fixed or determinable. Revenue from software maintenance is deferred and recognized ratably over the term of each maintenance agreement, typically twelve months. All research contracts are billable upon signing, absent special terms granted on a limited basis from time to time. All research 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. With the exception of certain government contracts which permit termination, it is the Company's policy to record at the time of signing of a contract the entire amount of the contract billable as a fee receivable, which represents a legally enforceable claim, and a corresponding amount as deferred revenue. For government contracts which permit termination, the Company bills the client the full amount billable under the contract but only records a receivable equal to the earned portion of the contract. In addition, the Company only records deferred revenue on these contracts when cash is received. Deferred revenues attributable to government contracts were \$24.5 million and \$33.8 million at September 30, 2001 and 2000, respectively. In addition, at September 30, 2001, the Company had not recognized receivables or deferred revenues relating to government contracts which permit termination of \$13.3 million which have been billed but not yet collected. The Company also records the commission obligation related to research contracts upon the signing of the contract and amortizes the corresponding deferred commission expense over the contract period in which the related revenues are earned.

Cash and cash equivalents. All highly liquid investments with original maturities of three months or less are considered cash equivalents. The carrying value of these investments approximates fair value based upon

their short-term maturity Investments with maturities of more than three months are classified as marketable securities.

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"). These investments, which meet the criteria for classification as available for sale, are recorded at fair value and are included as Marketable Equity Securities on the Consolidated Balance Sheets given the Company's ability and intent to sell such investments within a one year period. Unrealized gains and losses on marketable investments are recorded, net of tax, as a component of Accumulated other comprehensive income (loss), net in the Stockholders' equity (deficit) section of the Consolidated Balance Sheets. Realized gains and losses are recorded in Net gain (loss) from sale of investments within the Consolidated Statements of Operations. The cost of equity securities sold is based on specific identification. The Company assesses the need to record impairment losses on investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. These impairment losses are reflected in Net loss from minority-owned investments within the Consolidated Statements of Operations. Investments that are not publicly traded and for which the Company does not have the ability to exercise significant influence over operating and financial policies are accounted for under the cost method. Accordingly, these investments are carried at the lower of cost or net realizable value and are included in Other assets in the Consolidated Balance Sheets (See Note 5 - Investments). The equity method is used to account for investments in entities that are not majority-owned and that the Company does not control but does have the ability to exercise significant influence.

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.

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.

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

flows. Should events or circumstances indicate that the carrying value may not be recoverable based on undiscounted future operating cash flows, an impairment loss would be recognized by the Company. The amount of impairment, if any, is measured based on the difference between projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds and the carrying value of the asset (see Note 6 -- Other charges).

Foreign currency translation. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars at fiscal year-end exchange rates. The resulting translation adjustments are recorded as a component of stockholders' equity. Income and expense items are translated at average exchange rates prevailing during the year. Currency transaction gains or losses arising from transactions of the Company in currencies other than the functional currency are included in results of operations within Other expense, net.

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 \$0.9 million as of September 30, 2001 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. The Company's financial instruments include cash and cash equivalents, fees receivable, accounts payable, and accruals which are short-term in nature. Accordingly, the carrying amounts of these financial instruments approximate their fair value (see Note 12 -- Stockholders' equity (deficit) 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 the lower of cost or net realizable value, which approximates fair market value.

Long-term convertible debt consists of 6% convertible subordinated notes (see Note 10 -- Debt). In addition, at September 30, 2001, \$15.0 million was outstanding under a senior revolving credit facility. The carrying amount of the senior revolving credit facility approximates fair value as the rates of interest on the revolving credit facility approximate current market rates of interest for similar instruments with comparable maturities.

Concentrations of credit risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable equity securities 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 consolidated financial statements in conformity with generally accepted accounting principles in the United States of America 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, investments, depreciation, amortization, income taxes and certain accrued liabilities.

Recently issued accounting standards. In June 2001, Statement of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141") and Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("FAS 142") were issued. FAS 141 requires the purchase method of accounting to be used for all business combinations initiated and/or completed after June 30, 2001. FAS 141 also specifies criteria that intangible assets acquired must meet to be recognized and reported apart from

goodwill. The Company does not anticipate that adoption of FAS 141 will have any material effect on the Company. FAS 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized but instead be measured for impairment at least annually, or when events indicate that there may be an impairment. In connection with the FAS 142 transitional goodwill impairment evaluation, the Company is required to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. To accomplish this, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of adoption. The Company will then have up to six months from the date of adoption to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, an indication exists that the reporting unit goodwill may be impaired and the Company must perform the second step of the transitional impairment test. In the second step, the Company must compare the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill, both of which would be measured as of the date of adoption. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in accordance with Statement 141. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. This second step is required to be completed as soon as possible, but no later than the end of the year of adoption. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statement of operations.

FAS 142 is effective for fiscal years beginning after December 15, 2001. Early adoption is permitted for companies with fiscal years beginning after March 15, 2001. Although the Company is not required to adopt this statement until the first quarter of fiscal 2003, it expects to adopt FAS 142 in the first quarter ended December 31, 2001. Because of the extensive effort needed to comply with adopting FAS 142, it is not practicable to reasonably estimate the impact on the Company's financial statements, specifically whether it will be required to recognize any transitional impairment losses as the cumulative effect of a change in accounting principle. As of September 30, 2001, the Company had unamortized goodwill of \$216.8 million and unamortized identifiable intangible assets of \$5.4 million. Amortization expense related to goodwill and other identifiable intangible assets was \$9.1 million and \$3.3 million, respectively, for the fiscal year ended September 30, 2001.

In June 2001, Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("FAS 143") was issued. FAS 143 addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and the associated retirement costs that result from the acquisition, construction, or development and normal operation of a long-lived asset. Upon initial recognition of a liability for an asset retirement obligation, FAS 143 requires an increase in the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the assets useful life. FAS 143 is effective for fiscal years beginning after June 15, 2002. The adoption of this statement is not expected to have a material impact on the Company's financial position or results of operations.

In August 2001, Statement of Financial Standards No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets" ("FAS 144") was issued. FAS 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets to be Disposed of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently occurring Events and Transactions." FAS 144 also amends ARB ("Accounting Research Bulletins") No. 51, Consolidated Financial Statements, to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. FAS 144 retains the fundamental provisions of FAS 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while resolving significant implementation issues associated with FAS 121. Among other things, FAS 144 provides guidance on how long-lived assets used as part of a group should be evaluated for impairment, establishes criteria for when long-lived assets are held for sale, and prescribes the accounting for long-lived

assets that will be disposed of other than by sale. FAS 144 is effective for fiscal years beginning after December 15, 2001. The Company is currently evaluating the effect, if any, that adoption of FAS 144 will have on the Company's financial position and results of operations.

2 -- BUSINESS ACQUISITIONS

On October 2, 2000, the Company acquired all of the assets and assumed the liabilities of Solista Global LLC ("Solista") for approximately \$9.0 million in cash. 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 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 \$6.5 million, of which \$6.0 million has been allocated to goodwill and is being amortized over 20 years. In addition, \$0.5 million of the purchase price was allocated to non-compete agreements which are being amortized over three years. See Note 6 -- Other Charges.

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, and is being amortized over 5 years.

On November 30, 1999, the Company acquired all 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, and is being amortized over 5 years.

During fiscal 2000, the Company completed additional acquisitions for consideration of \$9.7 million in cash and a \$1.0 million note payable.

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 and is being amortized over 2 and 5 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 and is being amortized over 4 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, and is being amortized over 2 years.

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 and is being amortized over 5 years.

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.

3 -- DISCONTINUED OPERATION

On July 2, 2001, the Company sold its subsidiary, TechRepublic, to CNET Networks, Inc. ("CNET") for approximately \$23.0 million in cash and common stock of CNET, before reduction for certain termination benefits. The proceeds were \$14.3 million in cash and 755,058 shares of CNET common stock which had a fair market value of \$12.21 per share on July 2, 2001. The Consolidated Financial Statements of the Company have been restated to reflect the disposition of the TechRepublic segment as a discontinued operation in accordance with APB Opinion No. 30. Accordingly, revenues, costs and expenses, assets, liabilities, and cash flows of TechRepublic have been excluded from the respective captions in the Consolidated Statements of Operations, Consolidated Balance Sheets and Consolidated Statements of Cash Flows, and have been reported through the date of disposition as "Loss from discontinued operation," "Net assets of discontinued operation," and "Net cash used by discontinued operation," for all periods presented.

During 2001, the Company recorded a pre-tax loss of \$66.4 million (\$39.9 million after tax) to recognize the loss on the sale. This pre-tax loss includes a write-down of \$42.4 million of assets, primarily goodwill, to net realizable value, operating losses through the date of sale of \$6.5 million, severance and related benefits of \$8.3 million, and other sale-related costs and expenses, including costs associated with the closure of facilities, of \$9.2 million.

Summarized financial information for the discontinued operation is as follows (in thousands):

STATEMENTS OF OPERATIONS DATA

YEAR ENDED SEPTEMBER 30, -----	2001	2000	-----
Revenues.....			
\$ 12,368 \$ 4,077 =====			Loss before income
taxes.....			\$(32,574)
\$(35,199) (Benefit) for income			
taxes.....	(6,515)	(7,621)	---
-----	Loss from discontinued operation,		
net.....	\$(26,059)	\$(27,578)	=====
=====	Loss on disposal before income		
taxes.....	\$(66,436)	\$ --	(Benefit) for
income taxes.....		(26,512)	--
-----	Loss on disposal of discontinued		
operation, net.....	\$(39,924)	\$ --	=====
=====			

BALANCE SHEET DATA

SEPTEMBER 30, -----	2001	2000	-----
	Current		
assets.....			
-- \$ 3,693 Total			
assets.....			
-- \$84,842 Current			
liabilities.....			
-- \$ 6,335 Long-term			
liabilities.....			--
\$ 2,178 Net assets of discontinued			
operation.....	--	\$76,329	

4 -- NET GAIN (LOSS) ON SALE OF INVESTMENTS

During the year ended September 30, 2001, the Company sold the remaining 1,922,795 shares of Jupiter Media Metrix ("Jupiter") for net cash proceeds of \$7.5 million at an average price of \$3.91 per share for a pre-tax loss of \$5.6 million. In addition the Company received additional stock distributions from its investment in SI Venture Associates, LLC ("SI I"), and SI Venture Fund II, LP ("SI II"). During the year ended September 30, 2001, the Company sold a portion of the shares received from SI I and SI II for net cash proceeds of \$6.0 million for a pre-tax gain of \$4.9 million.

On June 30, 2000, the Company sold its 8% investment in NETg, Inc. ("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 recorded an additional loss in connection with a negotiated settlement of a joint venture agreement associated with the sale of GartnerLearning for approximately \$6.7 million.

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 has 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 for each share of Jupiter that they owned. At the date of the merger, the

Company owned 2,032,553 shares of the former 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 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.

5 -- INVESTMENTS

A summary of the Company's investments in marketable equity securities and other investments at September 30, 2001 and 2000 is as follows (in thousands):

	GROSS GAINS	GROSS LOSSES	UNREALIZED FAIR VALUE	UNREALIZED COST	

- ----- As of September					
30, 2001: Marketable equity securities					
available for					
sale.....					
	\$ 5,287	\$2 \$(2,039)	\$ 3,250	Other	
investments.....					
15,248 -- --			15,248		

Total.....					
	\$20,535	\$2 \$(2,039)	\$18,498	=====	==
				=====	=====

	GROSS GAINS	GROSS LOSSES	UNREALIZED FAIR VALUE	UNREALIZED COST	

- ----- As of September					
30, 2000: Marketable equity securities					
available for					
sale.....					
	\$14,205	\$21,265 \$(66)	\$35,404	Other	
investments.....					
47,037 -- --			47,037		

Total.....					
	\$61,242	\$21,265 \$(66)	\$82,441	=====	
				=====	=====

At September 30, 2001, marketable equity securities were comprised of 755,058 shares of CNET received in connection with the sale of TechRepublic on July 2, 2001 which had a fair value of \$12.21 per share, or \$9.2 million on the closing date. Since July 2, 2001, the market value of the CNET shares has declined substantially, accordingly the Company has recorded a \$3.9 million impairment charge in net loss from minority-owned investments representing an other than temporary decline in market value of the CNET common stock. At September 30, 2001, these shares are reflected in the September 30, 2001 Consolidated Balance Sheet at their fair market value of \$3.2 million after giving effect to an additional \$2.0 million of unrealized losses.

In addition to equity securities owned directly by the Company and through SI I, a wholly owned affiliate, the Company owns 34% of SI II. Both entities are venture capital funds engaged in making 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 former Chairman of the Board of the Company, who continues as an employee of the Company, and certain former officers and employees of the Company. The accounts of SI I are included in the Company's Consolidated Financial Statements. The Company had a total original investment commitment to SI I and SI II of \$10.0 million and \$30.0 million, respectively, of which \$7.4 million of the commitment to SI II remained unfunded at September 30, 2001. This commitment is expected to be funded in fiscal 2002.

The Company's investment in SI II is recorded on the equity method. Equity method investments represent the investments held through SI II. The Company's share of equity losses were \$0.3 million and \$0.1 million for fiscal 2001 and 2000, respectively. Other investments is comprised of various cost-based and equity-based investments. During fiscal 2001, the Company wrote-down certain of its investments and recognized an impairment charge of \$22.6 million for other than temporary declines in the value of certain investments which is reflected in Net loss from minority-owned investments in the 2001 Consolidated Statement of Operations. The Company made an assessment of the carrying value of its investments and determined that certain investments were in excess of their fair value due to the significance and duration of the decline in valuation of comparable companies operating in the internet and technology sectors. The

impairment factors evaluated by management may change in subsequent periods, given that the entities underlying these investments operate in a volatile business environment. In addition, these entities may require additional financing to meet their cash and operational needs, however, there can be no assurance that such funds will be available to the extent needed, at terms acceptable to the entities, if at all. This could result in additional material non-cash impairment charges in the future.

6 -- OTHER CHARGES

During 2001, the Company recorded other charges of \$46.6 million. Of these charges, \$24.8 million are associated with the Company's workforce reduction announced in April 2001. This workforce reduction has resulted in the elimination of 383 positions, or approximately 8% of the Company's workforce. Approximately \$14.3 million of the other charges are associated with the write-down of goodwill and other long-lived assets to net realizable value as a result of the Company's decision to discontinue certain unprofitable products, and \$7.5 million of the charge is associated primarily with the write-off of internally developed systems in connection with the launch of gartner.com and seat-based pricing. At September 30, 2001, \$6.6 million of the termination benefits relating to the workforce reduction remain to be paid, primarily in the first quarter of fiscal 2002. The Company is funding these costs out of operating cash flows.

During 1999, the Company recorded other charges related to reorganization and recapitalization of approximately \$23.4 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 16 -- Recapitalization).

7 -- 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) 2001 2000 -----			
--- ----- Computer equipment and			
software..... 2-3	\$117,062	\$108,071	
equipment..... 3-			
8 49,040 47,635 Leasehold			
improvements.....			
2-15 39,758 29,424 -----			
205,860 185,130 Less -- accumulated			
depreciation and amortization...			
(105,572) (96,728) -----			
\$100,288 \$ 88,402 =====			

At September 30, 2001 and 2000, capitalized development costs for internal use software were \$27.3 million and \$26.3 million, respectively, net of accumulated amortization of \$24.7 million and \$10.3 million, respectively. Amortization of capitalized internal software development costs totaled \$14.3 million, \$7.2 million and \$2.3 million in fiscal 2001, 2000 and 1999, respectively.

8 -- INTANGIBLE ASSETS, NET

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

SEPTEMBER 30, AMORTIZATION -----		PERIOD (YEARS) 2001 2000 -----	

Goodwill.....			
3-30 \$258,200	\$263,319	Non-compet	
agreements.....		2-5	12,567
	11,983		
Tradenames.....			
9-12 1,758	2,247	-----	-----
	277,549	Less -- accumulated	272,525
amortization.....	(50,292)	(40,444)	
-----	\$222,233	\$237,105	=====
	=====		

9 -- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

SEPTEMBER 30, -----		2001 2000 -----	
----- Taxes			
payable.....			
\$ 49,128	\$ 51,100	Payroll and related benefits	
payable.....		35,529	44,099
	19,987	33,985	Accounts
payable.....			
	14,509	23,938	Current deferred taxes
payable.....		--	9,344
		accrued	Other
liabilities.....			42,098
28,999	-----	\$161,251	\$191,465
	=====		=====

10 -- DEBT

On July 16, 1999, the Company entered into an unsecured Credit Agreement with JPMorgan Chase 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 issuance of convertible debt. Loans under the revolving facility were to 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. At September 30, 2001, the Company has a senior revolving credit facility, as amended, totaling a maximum aggregate principal amount of up to \$200.0 million. In connection with the extinguishment of the \$350.0 million term loan, the Company wrote off \$1.7 million, net of the related 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 on debt extinguishment.

At September 30, 2001, \$15.0 million was 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 \$123.7 million of available borrowings at September 30, 2001. The weighted average interest rate on borrowings was 6.8% for the year ended September 30, 2001.

On April 17, 2000, the Company issued in a private placement transaction, \$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 and accrue interest at 6% per annum. Interest accrues semi-annually by a corresponding increase in the face amount of the convertible notes

commencing September 15, 2000. Accordingly, \$26.2 million has been added to the face amount of the convertible notes' balance outstanding at September 30, 2001.

As part of the transaction, two Silver Lake representatives were elected to the Company's ten-member Board of Directors. The Company also granted to 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 valued the option at \$1.0 million, which was recorded as a discount to the convertible notes, and is being amortized to interest expense over the five-year term.

On April 18, 2000, \$200.0 million of the proceeds were used to pay down term loan borrowings under the Credit Agreement with JPMorgan Chase Bank. The Company incurred \$7.9 million of transaction and advisory fees related to the transaction. These fees were accounted for as debt issuance costs and are being amortized over the five-year term of the debt using the effective interest method.

The convertible notes were originally convertible into shares of the Company's Class A Common Stock, commencing April 17, 2003, at an initial price of \$15.87 per share. In accordance with the original terms of the note, on the first anniversary date of issuance of the convertible notes, April 17, 2001, the conversion price was adjusted, or reset, to be equal to the lower of the initial conversion price of \$15.87 per share, or the average closing price over the thirty trading day period ending April 17, 2001 if less than \$14.43, a price equal to a 10% premium to the average closing price over that same period. On April 17, 2001, the conversion price was reduced to \$7.45 per share. The number of shares of Class A Common Stock issuable upon conversion of the notes as of September 30, 2001 was 43.9 million shares with a total market value of \$397.2 million, using the Company's September 30, 2001 market price of \$9.05 per share.

On or after April 17, 2003, subject to satisfaction of certain customary conditions, the Company may redeem all of the convertible notes for cash provided that (1) the average closing price of the class A Common Stock for the twenty consecutive trading days immediately preceding the date the redemption notice is given equals or exceeds 150% of the adjusted conversion price of \$7.45 per share, and (2) the closing price of the Class A Common Stock on the trading day immediately preceding the date the redemption notice is given also equals or exceeds 150% of the adjusted conversion price. The redemption price is the face amount of the notes plus all accrued interest. If the Company initiates the redemption, Silver Lake has the option of receiving payment in cash, stock, or a combination of cash and stock.

Commencing on April 18, 2003, Silver Lake may elect to convert all or a portion of the notes to stock. If Silver Lake initiates the conversion, the Company has the option of redeeming all such notes for cash at a price based on the number of shares into which the notes would be converted and the market price on the date the notice of conversion is given.

On the maturity date, April 17, 2005, the Company must satisfy any remaining notes for cash.

Letters of credit are issued by the Company in the ordinary course of business. At September 30, 2001, the Company had outstanding letters of credit with The Bank of New York for \$2.0 million and with JPMorgan Chase Bank for \$0.8 million.

11 -- COMMITMENTS AND CONTINGENCIES

The Company leases various facilities, furniture and computer equipment under operating lease arrangements expiring between 2001 and 2026. Future minimum annual payments under non-cancelable operating lease agreements at September 30, 2001 are as follows (in thousands):

YEAR ENDED SEPTEMBER 30, - -----	
2002.....	\$ 27,706
2003.....	23,903
2004.....	21,674
2005.....	19,374
2006.....	16,303
Thereafter.....	122,742 ----- Total minimum lease
payments.....	\$231,702 =====

Rental expense for operating leases, net of sublease income, was \$26.9 million, \$22.4 million, and \$18.4 million for the years ended September 30, 2001, 2000 and 1999, 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 \$4.9 million for 2002 and \$1.6 million for 2003.

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.

12 -- STOCKHOLDERS' EQUITY (DEFICIT)

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 and vote together as a single class, other than with respect to 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. The Company's 1991 Stock Option Plan expired on April 25, 2001. As a result, as of September 30, 2001, no options were available for future grant under this plan. At September 30, 2000, 1,354,876 options were available for grant.

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 yearly vesting over a three-year period after the date of grant. Directors are also compensated in common stock equivalents payable under this plan. At September 30, 2001 and 2000, 420,738 and 464,635 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. 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 2001, 1,652,770 shares were exercisable on September 30, 2001. At September 30, 2001 and 2000, 419,250 and 600,250 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, 638,000 options were exercisable on September 30, 2001. Based on 1999 performance, an additional 172,375 will vest in 2002. Based on 2000 and 2001 performance, there was no additional acceleration of vesting. At September 30, 2001 and 2000, 952,125 and 812,000 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. Options currently granted under the plan generally 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 2001 performance, no vesting has accelerated. At September 30, 2001 and 2000, 838,509 and 662,001 options to purchase common stock were available for grant, respectively.

On December 15, 1998, the Company adopted an option exchange program that allowed the exchange of certain stock options granted from April 1998 through July 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 16 -- 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.

In November 1999, the Company adopted the 1999 Stock Option Plan. Under the terms of the plan, the Board of Directors may grant non-qualified and incentive stock options and other awards to eligible employees and consultants. The Company's directors and most highly compensated executive officers are not eligible for awards under the plan. A total of 20,000,000 shares of Class A Common Stock was reserved for issuance under this plan. Substantially all of the options currently granted under the plan vest and become fully exercisable each year for three years in equal installments following the date of grant, based on continued employment, and have a term of ten years from the date of grant assuming continued employment. At September 30, 2001 and 2000, 2,767,349 and 9,776,090 options to purchase common stock were available for grant, respectively.

A summary of stock option activity under the plans and agreement through September 30, 2001 follows:

WEIGHTED CLASS A COMMON STOCK AVERAGE EXERCISE UNDER OPTION PRICE -----	
----- 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
Granted.....	\$17.475
Exercised.....	18,256,310 \$11.859
Canceled.....	(1,379,306) \$ 5.886
Canceled.....	(4,099,846) \$17.240 ----- Outstanding at September 30, 2000..... 30,566,726
Granted.....	\$14.669
Exercised.....	10,339,620 \$ 8.207
Canceled.....	(592,832) \$ 6.156
Canceled.....	(5,330,390) \$13.859 ----- Outstanding at September 30, 2001..... 34,983,124
	\$13.029 =====

Options for the purchase of 12,935,484 and 6,754,574 shares of Class A Common Stock were exercisable at September 30, 2001 and 2000, respectively.

The following table summarizes information about stock options outstanding at September 30, 2001:

WEIGHTED AVERAGE REMAINING WEIGHTED NUMBER CONTRACTUAL NUMBER AVERAGE RANGE OF EXERCISE PRICES OUTSTANDING LIFE (YEARS) EXERCISABLE EXERCISE PRICE - ----- -----
--- \$ 1.00 -
6.77..... 1,477,951 3.87 1,277,886 \$ 6.75 \$ 6.90 -
9.94..... 9,218,477 8.88 508,450 \$ 7.84 \$10.28 -
10.31..... 8,720,999 8.11 3,588,965 \$10.31 \$10.40 -
14.56..... 4,375,623 8.60 1,495,434 \$13.62 \$15.67 -
19.90..... 7,688,799 6.91 4,368,319 \$18.52 \$20.46 -
37.29..... 3,501,275 6.92 1,696,430 \$24.24 -- ----- 34,983,124 12,935,484 =====

Employee stock purchase plans. In January 1993, the Company adopted employee stock purchase plans, and reserved an aggregate of 4,000,000 shares of Class A Common Stock for issuance under this plan. Eligible employees are permitted 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. Eligible international employees can purchase shares at a price that is calculated monthly with no corresponding discount. During the years ended September 30, 2001 and 2000, 769,085 and 394,279 shares were issued from treasury stock at an average purchase price of \$7.01 and \$12.72 per share, respectively, in conjunction with this plan. At September 30, 2001 and 2000, 676,994 and 1,429,406 shares were available for purchase under the plan, respectively.

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 40,500 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 weighted average fair market value of \$22.81 per stock option on the date of grant. At September 30, 2001, a total of 271,616 restricted shares of Class A Common Stock were outstanding at a weighted average market value, as of the original grant date, of \$23.14 per share. At September 30, 2000, a total of 417,499 restricted shares of Class A Common Stock were outstanding at a weighted average market value, as of the original grant date, of \$22.26 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 2001, there were forfeitures and acceleration of grants of 64,593 shares and 9,581 shares, respectively. At September 30, 2001, the aggregate unamortized compensation expense for restricted stock awards and the \$1 stock option grants was \$5.1 million. During 2000, there were forfeitures and acceleration of grants of 77,501 shares and 7,833 shares, respectively. Total compensation expense recognized for the restricted stock awards and option grants was \$1.1 million, \$1.1 million and \$1.7 million for 2001, 2000 and 1999, respectively.

Deferred compensation employee stock trust. 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 was \$7.8 million and \$7.2 million at September 30, 2001 and 2000, respectively, and are included in other assets. The corresponding deferred compensation liability of \$8.8 million and \$8.2 million at September 30, 2001 and 2000, respectively, 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. Due to declines in the fair value of the shares held by the

rabbi trust, the Company recorded no compensation expense for fiscal 2001. Total compensation expense recognized for the plan in fiscal 2000 was \$1.0 million.

Forward purchase agreements. Beginning in 1997, the Company entered into a series of forward purchase agreements to effect the repurchase of 1,800,000 of its Class A Common Stock. These agreements were 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 and paying approximately \$10.9 million in cash. 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. During the year ended September 30, 2001, two settlements resulted in the Company delivering 491,789 shares of Class A Common Stock and paying approximately \$64,000 in cash. During June 2001, the Company terminated the forward purchase agreement by reacquiring 1,164,154 shares of Class A Common Stock for approximately \$9.7 million.

Stock repurchases. On July 19, 2001, the Company's Board of Directors approved the repurchase of up to \$75.0 million of Class A and Class B Common Stock. Repurchases will be made from time to time over the next two years through open market purchases, subject to the availability of the stock, prevailing market conditions, the market price of the stock, and the Company's financial performance. Repurchases will be funded from cash flow from operations and possible borrowings under the Company's existing credit facility. Repurchases will be made proportionately between shares of the two classes of common stock. On August 29, 2001, the Company purchased 1,867,149 shares of its Class A Common Stock at \$9.88 per share from IMS Health, Inc. During the fourth quarter of fiscal 2001, the Company purchased an additional 451,000 shares of Class A Common Stock and 7,960 shares of Class B Common Stock in the open market, at an average price of \$9.42 per share.

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 (loss) and net income (loss) per share for the years ended September 30, 2001, 2000, and 1999 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, -----				
----- 2001 2000 1999 -----				
	Net income (loss) As			
reported.....				
	\$ (66,203)	\$25,546	\$88,271	Pro
forma.....				
	\$ (106,370)	\$ (3,325)	\$67,128	Net income (loss)
	per diluted common share As			
reported.....				
	\$ (0.77)	\$ 0.29	\$ 0.84	Pro
forma.....				
	\$ (1.24)	\$ (0.04)	\$ 0.64	-----
	--			

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 (loss) and net income (loss) 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:

2001	2000	1999	-----	-----	-
----- Expected life (in					
years)..... 3.1 3.1					
- 5.2 3.1 - 5.0 Expected					
volatility.....					
.65	.44	.40	Risk free interest		
rate..... 3.2%					
5.76%	- 6.08%	4.93%	- 5.82%	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, 2001, 2000 and 1999 are \$3.77, \$6.63 and \$10.19, respectively.

13 -- COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK FROM CONTINUING OPERATIONS

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. When the exercise of stock options is antidilutive they are excluded from the calculation.

The following table sets forth the reconciliation of the basic and diluted net earnings per share computations (in thousands, except per share).

YEAR ENDED SEPTEMBER 30, -----					
2001	2000	1999	-----	-----	Numerator: Net
income (loss) from continuing operations..... \$					
(220)	\$54,853	\$ 88,271	=====	=====	=====
Denominator Denominator for basic income (loss) per share					
-- weighted average number of common shares					
outstanding.....	85,862	86,564	101,881	Effect of	
dilutive securities: Weighted average number of common					
shares under warrant					
outstanding.....	-	-	-	-	-
- -- 155 Weighted average number of option shares					
outstanding.....	-- 2,544	2,567	-----	-----	-----
Dilutive potential common					
shares.....	-- 2,544	2,722	-----	-----	-----
----- Denominator for diluted income (loss) per					
share --adjusted weighted average number of common shares					
outstanding... 85,862	89,108	104,603	=====	=====	=====
===== Basic income (loss) per common share from					
continuing					
operations.....					
\$ 0.00	\$ 0.63	\$ 0.87	=====	=====	===== Diluted
income (loss) per common share from continuing					
operations.....					
\$ 0.00	\$ 0.62	\$ 0.84	=====	=====	=====

For the year ended September 30, 2001, options to purchase 35.0 million shares of Class A Common Stock of the Company were not included in the computation of diluted loss per share because the effect would have been antidilutive. For the year ended September 30, 2000, options to purchase 14.3 million shares of Class A Common Stock of the Company with exercise prices greater than the average fair market value of \$13.78 were not included in the computation of diluted net income per share because the effect would have been antidilutive. For the years ended September 30, 2001 and 2000, unvested restricted stock awards were not included in the computation of diluted earnings (loss) per share because the effect would have been antidilutive. Additionally, convertible notes outstanding for the year ended September 30, 2001 and 2000, representing 30.5 million and 8.8 million common shares, if converted, and the related interest expense of \$18.8 million and \$8.2 million, respectively, were not included in the computation of diluted net income (loss) per share because the effect would have been antidilutive.

14 -- INCOME TAXES

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

YEAR ENDED SEPTEMBER 30,	-----	-----	-----	-----
---	2001	2000	1999	-----
U.S.....				
	\$(132,522)	\$27,016	\$107,243	Non-
U.S.....				
	24,120	26,204	32,004	-----
Total.....				
(108,402)	53,220	139,247	Extraordinary loss on debt	
extinguishment.....	--	2,881	--	Loss from
discontinued operations.....		99,010		
35,199	--	-----	-----	Income (loss)
from continuing operations before income				
taxes.....	\$			
(9,392)	\$91,300	\$139,247	=====	=====

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

YEAR ENDED SEPTEMBER 30,	-----	-----	-----	-----
---	2001	2000	1999	-----
Current tax expense from operations: U.S.				
federal.....	\$			
	9,192	\$ 23,556	\$18,613	State and
local.....				4,862
		11,660	2,977	
Foreign.....				
10,258	7,211	6,533	-----	Total
current.....				
24,312	42,427	28,123	Deferred tax expense	
(benefit): U.S.				
federal.....				
(29,355)	(5,768)	4,286	State and	
local.....	(4,782)			
	(2,754)	1,052		
Foreign.....				
(836)	(1,637)	1,310	-----	Total
deferred.....				
(34,973)	(10,159)	6,648	-----	
Total current and				
deferred.....	(10,661)			
32,268	34,771	Benefit of stock transactions with		
employees.....	1,331	4,179	15,878	Benefit of
purchased tax benefits applied to reduce				
goodwill.....				
158	--	327	-----	Income tax
(benefit) expense on continuing				
operations.....				
(9,172)	36,447	50,976	Current taxes from	
extraordinary loss: U.S. federal tax expense on				
debt extinguishment.....	--	(922)	--	State and
local tax expense on debt				
extinguishment.....	-			
- (230)	--	Current taxes from loss on discontinued		
operations: U.S.				
federal.....				
(33,522)	(7,985)	--	State and	
local.....	(1,585)			
(287)	--	Deferred tax expense (benefit) from loss		
on discontinued operations: U.S.				
federal.....	137			
(135)	--	State and		
local.....	178			
(180)	--	Benefit of purchased tax benefits applied		
to reduce goodwill on loss from discontinued				
operations.....	1,765	966	-----	
-----	\$ (42,199)	\$ 27,674	\$50,976	=====
	=====			

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

SEPTEMBER 30, -----	2001	2000	-----
-- Depreciation and			
amortization.....	\$ 5,426	\$ 3,052	
Expense accruals for book			
purposes.....	29,530	11,277	Loss and
credit carryforwards.....		26,832	
13,320 Intangible			
assets.....		9,906	
2,150 Equity			
interest.....		814	-
-			
Other.....			
4,078 1,420 ----- ----- Gross deferred tax			
asset.....		76,586	31,219
----- ----- Intangible			
assets.....		(11,121)	
(12,691) Equity			
interest.....		(87)	
(15,651)			
Other.....			
-- (165) ----- ----- Gross deferred tax			
liability.....	(11,208)	(28,507)	
----- ----- Valuation			
allowance.....		(26,072)	
(10,083) ----- ----- Net deferred tax asset			
(liability).....		\$ 39,306	\$ (7,371)
===== =====			

Current and long-term net deferred tax assets were \$9.9 million and \$29.4 million as of September 30, 2001 and were \$0.2 million and \$2.2 million as of September 30, 2000, 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 \$9.5 million and \$0.3 million as of September 30, 2000, and were included in Accounts payable and accrued liabilities and Other liabilities in the Consolidated Balance Sheet. In 2001, the Company recorded a \$27.5 million current tax receivable as a result of its ability to recover federal income taxes for capital loss and foreign tax credit carrybacks. This amount is included in Prepaid expenses and other current assets in the Consolidated Balance Sheet.

The valuation allowance relates to domestic and foreign tax net operating loss and capital loss carryforwards that more likely than not will expire unutilized. The net increase in the valuation allowance of approximately \$16.0 million in the current year results primarily from the increase in federal and state and local tax capital loss carryforwards of \$14.8 million and \$7.2 million, respectively, the net decrease in federal and state and local net operating losses of \$4.6 million and \$1.9 million, respectively, and the net increase in foreign tax loss carryforwards of approximately \$0.5 million. Approximately \$2.4 million of the valuation allowance will reduce additional paid-in-capital upon subsequent recognition of any related tax benefits.

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

YEAR ENDED SEPTEMBER 30, -----	2001			
2000 1999 -----				Statutory tax
rate.....	(35.0)%			
35.0% 35.0% State income taxes, net of federal benefit.....	3.6 6.9 3.1			Foreign income
taxed at a different rate.....	13.2 (2.5)			
1.7 Non-deductible goodwill and direct acquisition costs.....	18.1 2.2 1.1			Non-taxable
income.....	(0.3)			
(0.1) (1.3) Exempt foreign trading gross receipts.....	(13.5) (0.8) (2.3)			Non-
deductible recapitalization costs.....				
-- -- 2.2 Benefit of operating loss and tax credit carryforwards.....	-- -- (2.0)			Settlement of tax
exams.....	-- -- (1.8)			
Non-deductible meals and entertainment expense.....	5.6 0.6 0.3			Officers life
insurance.....	12.7 (0.3)			
-- Valuation allowance on losses from minority-owned investments.....	88.5 -- --			Utilization of foreign tax
credits.....	(185.1) -- --			Other
items.....	(5.5) (1.0) 0.6			Effective tax
rate.....	(97.7)%			
	40.0% 36.6%	=====	=====	=====

As of September 30, 2001 the Company had U.S. federal tax net operating loss carryforwards of \$0.2 million which will expire in fifteen to twenty years, federal capital loss carryforwards of \$18.5 million which will expire in five years, foreign tax credit carryforwards of \$8.6 million which will expire in five years and other federal tax credit carryforwards of \$1.7 million which can be carried forward indefinitely. The Company had state and local tax net operating loss carryforwards of \$83.8 million, of which \$20.9 million will expire within one to five years, \$7.3 million will expire within six to fifteen years, and \$55.6 million will expire within sixteen to twenty years. The Company also had \$68.9 million in state and local capital loss carryforwards which will expire in five years. Lastly, the Company had foreign tax loss carryforwards of \$5.4 million of which \$2.4 million will expire in two years and \$3.0 million which can be carried forward indefinitely.

In 2001, the Company generated a one-time tax benefit of \$14.5 million due to the utilization of foreign tax credits. In 2001, the Company also recorded a valuation reserve of \$8.3 million on deferred tax assets generated from losses from minority-owned investments.

15 -- 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 \$10.5 million, \$8.5 million, and \$6.6 million for the years ended September 30, 2001, 2000, and 1999, respectively.

16 -- 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 ("Cogni-

zant"), a spin-off 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 spin-off 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.

On August 29, 2001, the Company purchased 1,867,149 shares of its Class A Common Stock at \$9.88 per share from IMS Health. The Company also confirmed on that date that IMS Health sold its remaining shares of the Company's Class A Common Stock at \$9.88 per share through a direct placement to several institutional investors. These transactions divest IMS Health of any remaining ownership in the Company.

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 spin-off that may result from the acquisition of the Company. The Company monitors 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.

17 -- SEGMENT INFORMATION

The Company previously managed its business in four reportable segments organized on the basis of differences in its related products and services. With the discontinuance and sale of TechRepublic (see Note 3 -- Discontinued Operation), three reportable segments remain: research, consulting and events. Research consists primarily of subscription-based research products. Consulting consists primarily of consulting and measurement engagements and strategic advisory services. Events consists of various symposia, conferences and exhibitions.

The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution, as presented below, is defined as operating income excluding certain selling, general and administrative expenses, depreciation, amortization of intangibles and other charges. 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. Accordingly, assets are not being reported by segment because the information is not available by segment and is not reviewed in the evaluation of performance or making decisions in the allocation of resources.

The following tables present 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, 2001
 RESEARCH CONSULTING EVENTS
 OTHER CONSOLIDATED - -----

Revenues.....				
\$535,114	\$265,450	\$132,684	\$	
18,794	\$ 952,042	Gross		
contribution.....				
352,574	86,949	63,625	4,227	
507,375	Corporate and other			
expenses.....				
(464,861)	(464,861)	Net loss		
on sale of				
investments.....				
(640)	Net loss from minority-			
	owned			
investments.....				
(26,817)	Interest			
income.....	1,616			
	Interest			
expense.....				
(22,391)	Other expense,			
net.....	(3,674)	Loss		
	from continuing operations			
	before income			
taxes.....				
	(9,392)			

YEAR ENDED SEPTEMBER 30, 2000
 RESEARCH CONSULTING EVENTS
 OTHER CONSOLIDATED - -----

Revenues.....				
\$509,781	\$208,810	\$108,589	\$	
27,414	\$ 854,594	Gross		
contribution.....				
341,061	75,652	50,604	11,231	
478,548	Corporate and other			
expenses.....				
(394,417)	(394,417)	Net gain		
on sale of				
investments.....				
29,630	Net loss from			
	minority-owned			
investments.....				
(775)	Interest			
income.....	3,936			
	Interest			
expense.....				
(24,900)	Other income			
expense, net.....	(722)			
	Income from continuing			
	operations before income			
taxes.....				
	91,300			

YEAR ENDED SEPTEMBER 30, 1999
 RESEARCH CONSULTING EVENTS
 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... (304,092)			
	(304,092)	Net loss from		
	minority-owned			
investments.....				
	(846)	Interest		
income.....	9,518			
	Interest			
expense.....	(1,272)			
	Other income expense,			
net.....	(1,521)	Income from		
		continuing operations before		
		income		
taxes.....				
	139,247			

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, -----	-----	-----	-----	-----	
-----	2001	2000	1999	-----	
United States and Canada:					
Revenues.....	\$633,683	\$563,552	\$471,783	Operating	
income.....	\$ 31,773				
other charges.....	\$ 62,903	\$ 72,187		Operating income, excluding	
			\$ 67,450	\$ 62,903	\$ 92,206
Identifiable tangible					
assets.....	\$423,738	\$476,755			
	\$437,452			Long-lived	
assets.....	\$343,440				
	\$341,648	\$318,509		Europe:	
Revenues.....	\$248,153	\$230,307	\$212,131	Operating	
income.....	\$ 13,918				
other charges.....	\$ 17,577	\$ 48,753		Operating income, excluding	
			\$ 23,826	\$ 17,577	\$ 51,746
Identifiable tangible					
assets.....	\$155,855	\$171,420			
	\$110,472			Long-lived	
assets.....	\$ 35,398				
	\$ 56,918	\$ 41,233		Other International:	
Revenues.....	\$ 70,206	\$ 60,735	\$ 50,320	Operating	
(loss).....	\$ (3,177)			income	
other charges...	\$ 3,651	\$ 12,428		Operating income (loss), excluding	
			\$ (2,199)	\$ 3,651	\$ 12,842
Identifiable tangible					
assets.....	\$ 37,176	\$ 32,846			
	32,420			Long-lived	
assets.....	\$ 11,343				
	\$ 10,383	\$ 11,518			

18 -- QUARTERLY FINANCIAL DATA -- (UNAUDITED)

YEAR ENDED SEPTEMBER 30, 2001 -----	-----	-----	-----	-----
-----	1ST	2ND	3RD	4TH
-----	-----	-----	-----	-----
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Revenues.....	\$255,615	\$224,756	\$247,566	\$224,105
income (loss)(1).....	\$ 30,180			
	\$ 8,021	\$ (3,459)	\$ 7,772	
	(1,382)	Income (loss) from		
		continuing operations(2).....	\$ 17,697	
		\$ (10,219)	\$ (6,316)	
		Income (loss) from		
		discontinued operation, net of		
taxes.....				
	Net income			
	(loss)(2).....	\$ 3,897		
		\$ (53,580)	\$ (8,454)	\$ (8,066)
		Diluted earnings		
		(loss) per common share(3):		
		Income (loss) from		
		continuing operations.....	\$ 0.20	\$ (0.02)
		\$ (0.12)	\$ (0.08)	
		Income (loss) on discontinued		
		operation.....	\$ (0.16)	\$ (0.60)
		\$ 0.02	\$ 0.02	
		Net income		
(loss).....	\$ 0.04			
		(0.62)	\$ (0.10)	\$ (0.10)

YEAR ENDED SEPTEMBER 30, 2000 -----
 ----- 1ST 2ND 3RD 4TH -----
 ----- (IN THOUSANDS, EXCEPT PER
 SHARE DATA)

Revenues.....					
\$222,897	\$193,318	\$220,825	\$217,554	Operating	
income.....				\$ 32,718	
\$ 13,736	\$ 20,086	\$ 17,591	Income from continuing		
operations.....			\$ 16,464	\$ 11,204	\$
11,870	\$ 15,315	Loss from discontinued operation,			
net of taxes.....	--	\$ (8,417)	\$ (9,488)	\$ (9,673)	
Extraordinary loss on debt extinguishment, net of					
taxes.....					
--	--	--	\$ (1,729)	Net	
income.....				\$	
16,464	\$ 2,787	\$ 2,382	\$ 3,913	Diluted earnings	
(loss) per common share(3):				Income from continuing	
operations.....			\$ 0.18	\$ 0.12	\$ 0.13
\$ 0.17	Loss on discontinued				
operation.....	--	\$ (0.09)	\$		
(0.10)	\$ (0.11)	Extraordinary loss on debt			
extinguishment.....	--	--	--	\$ (0.02)	Net
income.....				\$	
0.18	\$ 0.03	\$ 0.03	\$ 0.04		

- (1) Includes other charges of \$31.1 million and \$15.5 million in the quarters ended March 31, 2001 and September 30, 2001, respectively.
- (2) Includes net losses from minority owned investments of \$1.7 million, \$3.4 million, \$6.6 million and \$15.1 million for each of the four quarters in the fiscal year ended September 30, 2001. Also includes benefits for income taxes from the utilization of foreign tax credits of \$2.9 million in the quarter ended June 30, 2001 and \$11.6 million in the quarter ended September 30, 2001.
- (3) The aggregate of the four quarters' diluted earnings per common share does not total the reported full fiscal year amount due to rounding.

INDEPENDENT AUDITORS' REPORT ON
CONSOLIDATED FINANCIAL STATEMENT SCHEDULE

The Board of Directors and Stockholders
Gartner, Inc.:

Under date of October 29, 2001, we reported on the consolidated balance sheets of Gartner, Inc. and subsidiaries as of September 30, 2001 and 2000, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the years in the three-year period ended September 30, 2001, which are included in the September 30, 2001 Annual Report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule of Valuation and Qualifying Accounts in the Form 10-K. 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

New York, New York
October 29, 2001

GARTNER, INC.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

BALANCE ADDITIONS AT
CHARGED AS % OF CHARGED
DEDUCTIONS BEGINNING TO COSTS
YEAR END TO OTHER FROM OF YEAR
AND EXPENSES AMT. ACCOUNTS(1)
RESERVE -----

- (ALL AMOUNTS IN THOUSANDS)
YEAR ENDED SEPTEMBER 30, 1999
Allowance for doubtful accounts
and returns and
allowances..... \$4,125 \$ 5,128
\$274 \$ 4,589 =====
===== \$4,125 \$ 5,128
104% \$274 \$ 4,589 =====

===== YEAR ENDED
SEPTEMBER 30, 2000 Allowance
for doubtful accounts and
returns and allowances.....
\$4,938 \$ 4,256 \$ 46 \$ 4,237
===== \$4,938 \$ 4,256 85% \$ 46 \$ 4,237
=====

YEAR ENDED SEPTEMBER 30, 2001
Allowance for doubtful accounts
and returns and
allowances..... \$5,003 \$ 5,027
90% \$ -- \$ 4,430 =====
===== Other charges
(Note 6 -- Other
Charges).....
\$ -- \$24,780 376% \$18,181
===== \$5,003 \$29,807 244% \$ --
\$22,611 =====

AS % OF DEDUCTIONS YEAR END FOR
SALE BALANCE AT AMT. OF
BUSINESS END OF YEAR -----
----- (ALL
AMOUNTS IN THOUSANDS) YEAR
ENDED SEPTEMBER 30, 1999
Allowance for doubtful accounts
and returns and
allowances..... \$-- \$ 4,938 ==
===== 93% \$-- \$ 4,938 ==
===== YEAR ENDED SEPTEMBER
30, 2000 Allowance for doubtful
accounts and returns and
allowances..... \$-- \$ 5,003 ==
===== 85% \$-- \$ 5,003 ==
===== YEAR ENDED SEPTEMBER
30, 2001 Allowance for doubtful
accounts and returns and
allowances..... 79% \$-- \$
5,600 == ===== Other charges
(Note 6 -- Other
Charges).....
276% \$ 6,599 == ===== 185% \$--
- \$12,199 == =====

(1) Allowance of \$46,000 and \$274,000 assumed upon acquisitions of entities in fiscal 2000 and 1999, respectively.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this Report on Form 10-K to be signed on its behalf by the undersigned, duly authorized, in Stamford, Connecticut, on December 28, 2001.

GARTNER, INC.

By: /s/ MICHAEL D. FLEISHER

Michael D. Fleisher
Chairman of the Board, Chief
Executive Officer and President

Date: December 28, 2001

POWER OF ATTORNEY

Each person whose signature appears below 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 all capacities, to sign all amendments to this Report on Form 10-K, and to file the same, with appropriate exhibits and other related documents, with the Securities and Exchange Commission. Each of the undersigned, ratifies and confirms his or her signatures as they may be signed by his or her attorney-in-fact to any amendments to this Report.

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

NAME TITLE

DATE ----

/s/

MICHAEL D.

FLEISHER

Director

and

Chairman

of the

December

26, 2001 -

Board,

Chief

Executive

Officer

Michael D.

Fleisher

and

President

(Principal

Executive

Officer)

/s/ REGINA

M.

PAOLILLO

Executive

Vice

President

December

26, 2001 -

Corporate

Services

and Regina

M.

Paolillo

Chief

Financial
Officer
(Principal
Financial
and
Accounting
Officer)
/s/ ANNE
SUTHERLAND
FUCHS
Director
December
26, 2001 -

Anne
Sutherland
Fuchs /s/
WILLIAM O.
GRABE
Director
December
26, 2001 -

William O.
Grabe /s/
MAX D.
HOPPER
Director
December
26, 2001 -

Max D.
Hopper

NAME
TITLE
DATE --
--

-

/s/
GLENN
HUTCHINS
Director
December
26,
2001 --

Glenn
Hutchins
/s/
STEPHEN
G.
PAGLIUCA
Director
December
26,
2001 --

Stephen
G.
Pagliuca
/s/
KENNETH
ROMAN
Director
December
26,
2001 --

Kenneth
Roman
/s/
DAVID
J. ROUX
Director
December
26,
2001 --

David
J. Roux
/s/
DENNIS
G.
SISCO
Director
December
26,

2001 --

Dennis

G.

Sisco

/s/

MAYNARD

G.

WEBB,

JR

Director

December

26,

2001 --

STATE OF DELAWARE
OFFICE OF THE SECRETARY OF STATE

PAGE 1

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO
HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF
AMENDMENT OF "GARTNER GROUP, INC.", CHANGING ITS NAME FROM "GARTNER GROUP, INC."
TO "GARTNER, INC.", FILED IN THIS OFFICE ON THE FIRST DAY OF FEBRUARY, A.D.
2001, AT 9 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE
COUNTY RECORDER OF DEEDS.

[DELAWARE SEAL]

/s/ Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

2232152 8100

AUTHENTICATION: 0982426

010053688

DATE: 02-21-01

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT OF
THE RESTATED CERTIFICATE OF INCORPORATION
OF GARTNER GROUP, INC.

a Delaware corporation
(originally incorporated on June 1, 1990 under the name "GGHI Holding
Corporation")

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Gartner Group, Inc. resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by changing Article 1 so that, as amended, said Article shall be and read as follows:

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

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said Gartner Group, Inc. has caused this certificate to be signed by William R. McDermott, an Authorized Officer, this 25th day of January, 2001.

By: /s/ William R. McDermott

Title: President

Name: William R. McDermott

GARTNER, INC.

A statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights as established, from time to time, by the Certificate of Incorporation of the Corporation and by any certificate of determination, the number of shares constituting each class and series, and the designations thereof, may be obtained by the holder hereof upon request and without charge at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -as tenants in common
- TEN ENT -as tenants by the entireties
- JT TEN -as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT-_____Custodian_____ (Cust) (Minor)

under Uniform Gifts to Minors Act _____ (State)

UNIF TRF MIN ACT-_____Custodian (until age-_____) (Cust)

_____ under Uniform Transfers (Minor) to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ HEREBY SELL, ASSIGN AND TRANSFER UNTO

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE []

----- (PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE) -----

_____ SHARES OF THE COMMON STOCK REPRESENTED BY THE WITHIN CERTIFICATE, AND DO HEREBY IRREVOCABLY CONSTITUTE AND APPOINT

_____ ATTORNEY TO TRANSFER THE SAID STOCK ON THE BOOKS OF THE WITHIN NAMED CORPORATION WITH FULL POWER OF SUBSTITUTION IN THE PREMISES.

DATED _____

----- NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

Signature(s) Guaranteed By

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE
GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND
LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN
APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM). PURSUANT TO
SEC RULE 17Ad-15

THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS
AS SET FORTH IN A RIGHTS AGREEMENT BETWEEN THE CORPORATION AND BANK BOSTON,
N.A., NOW KNOWN AS FLEET NATIONAL BANK AS THE RIGHTS AGENT, DATED AS OF FEBRUARY
10, 2000 (AS AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE
"RIGHTS AGREEMENT"), THE TERMS OF WHICH ARE INCORPORATED HEREIN BY REFERENCE AND
A COPY OF WHICH IS ON FILE AT THE CORPORATION'S PRINCIPAL EXECUTIVE OFFICES.
UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, SUCH RIGHTS
WILL BE EVIDENCED BY SEPARATE CERTIFICATES AND WILL NO LONGER BE EVIDENCED BY
THIS CERTIFICATE. THE CORPORATION WILL MAIL TO THE HOLDER OF THIS CERTIFICATE A
COPY OF THE RIGHTS AGREEMENT WITHOUT CHARGE AFTER RECEIPT OF A WRITTEN REQUEST
THEREFOR. UNDER CERTAIN CIRCUMSTANCES SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS
ISSUED TO, OR HELD BY, ANY PERSON WHO IS, WAS OR BECOMES AN ACQUIRING PERSON OR
ANY AFFILIATE OR ASSOCIATE THEREOF (AS SUCH TERMS ARE DEFINED IN THE RIGHTS
AGREEMENT), WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR BY ANY
SUBSEQUENT HOLDER, MAY BECOME NULL AND VOID.

069047

NUMBER
GA

SHARES

THIS CERTIFICATE IS TRANSFERABLE IN
NEW YORK, N.Y. AND RIDGEFIELD PARK, N.J.

GARTNER, INC.

COMMON STOCK, CLASS A

INCORPORATED UNDER THE LAWS
OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS AND
A STATEMENT AS TO THE RIGHTS, PREFERENCES,
PRIVILEGES AND RESTRICTIONS OF SHARES

CUSIP 366651 10 7

This certifies that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK,
CLASS A, PAR VALUE \$0.0005 PER SHARE, OF

Gartner, Inc. transferable on the books of the Corporation by the holder hereof
in person or by duly authorized attorney upon surrender of this Certificate
properly endorsed. This Certificate is not valid until countersigned and
registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures
of its duly authorized officers.

Dated:

/s/ ILLEGIBLE SIGNATURE

CEO

COUNTERSIGNED AND REGISTERED:
MELLON INVESTOR SERVICES LLC
TRANSFER AGENT
AND REGISTRAR

[ARTWORK OF LADY LIBERTY]
BY

/s/ ILLEGIBLE SIGNATURE

SECRETARY

AUTHORIZED SIGNATURE

[SEAL OF GARTNER, INC., 1990, DELAWARE]

American Bank Note Company

GARTNER, INC.

A statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights as established, from time to time, by the Certificate of Incorporation of the Corporation and by any certificate of determination, the number of shares constituting each class and series, and the designations thereof, may be obtained by the holder hereof upon request and without charge at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -as tenants in common
- TEN ENT -as tenants by the entirety
- JT TEN -as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT-_____Custodian_____
(Cust) (Minor)

under Uniform Gifts to Minors Act_____

(State)

UNIF TRF MIN ACT-_____Custodian (until age_____)
(Cust) _____ under Uniform Transfers
(Minor)

to Minors Act _____
(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____ Shares of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

Signature(s) Guaranteed By

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A RIGHTS AGREEMENT BETWEEN THE CORPORATION AND BANK BOSTON, N.A., NOW KNOWN AS FLEET NATIONAL BANK AS THE RIGHTS AGENT, DATED AS OF FEBRUARY 10, 2000 (AS AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE "RIGHTS AGREEMENT"), THE TERMS OF WHICH ARE INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH IS ON FILE AT THE CORPORATION'S PRINCIPAL EXECUTIVE OFFICES. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, SUCH RIGHTS WILL BE EVIDENCED BY SEPARATE CERTIFICATES AND WILL NO LONGER BE EVIDENCED BY THIS CERTIFICATE. THE CORPORATION WILL MAIL TO THE HOLDER OF THIS CERTIFICATE A COPY OF THE RIGHTS AGREEMENT WITHOUT CHARGE AFTER RECEIPT OF A WRITTEN REQUEST THEREFOR. UNDER CERTAIN CIRCUMSTANCES SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS ISSUED TO, OR HELD BY, ANY PERSON WHO IS, WAS OR BECOMES AN ACQUIRING PERSON OR ANY AFFILIATE OR ASSOCIATE THEREOF (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT), WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR BY ANY SUBSEQUENT HOLDER, MAY BECOME NULL AND VOID.

NUMBER
GB

SHARES

THIS CERTIFICATE IS TRANSFERABLE IN
NEW YORK, N.Y. AND RIDGEFIELD PARK, N.J.

GARTNER, INC.

COMMON STOCK, CLASS B

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS AND
A STATEMENT AS TO THE RIGHTS, PREFERENCES,
PRIVILEGES AND RESTRICTIONS OF SHARES

CUSIP 366651 20 6

This certifies that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK,
CLASS B, PAR VALUE \$0.0005 PER SHARE, OF

Gartner, Inc. transferable on the books of the Corporation by the holder hereof
in person or by duly authorized attorney upon surrender of this Certificate
properly endorsed. This Certificate is not valid until countersigned and
registered by the Transfer Agent and Registrar.

CERTIFICATE OF STOCK

Witness the facsimile seal of the Corporation and the facsimile signatures
of its duly authorized officers.

Dated:

/s/ ILLEGIBLE SIGNATURE

CEO

COUNTERSIGNED AND REGISTERED:
MELLON INVESTOR SERVICES LLC
TRANSFER AGENT
AND REGISTRAR

[ARTWORK OF LADY LIBERTY]
BY

/s/ ILLEGIBLE SIGNATURE

SECRETARY

AUTHORIZED SIGNATURE

[SEAL OF GARTNER, INC., 1990, DELAWARE]

American Bank Note Company

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

July 16, 1999,

as amended and restated as of
July 17, 2000,

Among

GARTNER GROUP, INC.

The Lenders Party Hereto

and

THE CHASE MANHATTAN BANK,
as Administrative Agent

CHASE SECURITIES INC. and
CREDIT SUISSE FIRST BOSTON,
as Co-arrangers

CREDIT SUISSE FIRST BOSTON,
as Syndication Agent

FLEET NATIONAL BANK,
as Documentation Agent

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Contribution Agreement
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CREDIT AGREEMENT dated as of July 16,

1999, as amended and restated as of July 17, 2000, among GARTNER GROUP, INC., a Delaware corporation (the "Borrower"), the LENDERS party hereto (the "Lenders"), and THE CHASE MANHATTAN BANK, a New York banking corporation, as Administrative Agent (the "Administrative Agent").

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16th of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means The Chase Manhattan Bank, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be

effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"Annualized Contract Value" means, for any date, the annualized value of all advisory and measurement contracts of the Borrower and its Subsidiaries in effect on such date, without regard to the duration of such contracts, as calculated in the manner used to calculate "Contract Value" in the Borrower's most recent annual report on Form 10-K filed with the Securities and Exchange Commission; provided that any material changes to the method of calculating "Annualized Contract Value" hereunder from the method used in calculating "Contract Value" in the Borrower's annual report on Form 10-K for the fiscal year ended September 30, 1998 shall require the consent of the Required Lenders.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day with respect to any Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "ABR Spread", "Eurodollar Spread" or "Commitment Fee Rate", as the case may be, based upon the Leverage Ratio as of the most recent determination date; provided that until the Borrower has delivered financial statements pursuant to Section 5.01(a) or (b) covering the first two fiscal quarters that end after the Second Amendment Effective Date, the "Applicable Rate" shall be the applicable rate per annum set forth below in Category 3:

Leverage Ratio:	ABR Spread	Eurodollar Spread	Commitment Fee Rate

Category 1			

[> or =] \$1.75x	0.75%	2.00%	0.50%
Category 2			

[> or =] \$1.50x but <1.75x	0.50%	1.75%	0.40%

Leverage Ratio:	ABR Spread	Eurodollar Spread	Commitment Fee Rate

Category 3 -----			
[> or =] \$1.25x but <1.50x	0.25%	1.50%	0.35%
Category 4 -----			
[< or =] 1.25x	0%	1.00%	0.30%

For purposes of the foregoing, (a) the Leverage Ratio shall be determined as of the end of each fiscal quarter of the Borrower's fiscal year based upon the Borrower's consolidated financial statements delivered pursuant to Section 5.01(a) or (b) and (b) each change in the Applicable Rate resulting from a change in the Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change; provided that the Leverage Ratio shall be deemed to be in Category 1 at the option of the Administrative Agent or at the request of the Required Lenders (i) at any time that an Event of Default has occurred and is continuing or (ii) if the Borrower fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 5.01(a) or (b), during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered. Notwithstanding anything to the contrary herein, for purposes of determining the Applicable Rate only, Total Balance Sheet Indebtedness used to calculate the Leverage Ratio shall exclude the Permitted Subordinated Debt issued by the Borrower to Silver Lake Partners L.P. on April 17, 2000.

"Assessment Rate" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States; provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Attributable Debt" means, on any date, in respect of any lease of the Borrower or any Subsidiary entered into as part of a sale and leaseback transaction subject to Section 6.06, (i) if such lease is a Capital Lease Obligation, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) if such lease is not a Capital Lease Obligation, the capitalized amount of the remaining lease payments under such lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation.

"Availability Period" means the period from and including the Second Amendment Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Base CD Rate" means the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (b) the Assessment Rate.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Gartner Group, Inc., a Delaware corporation.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934 as in effect on the date hereof), other than, prior to the Recapitalization, IMS, of shares representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Common Stock; or (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.13(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Loans and acquire participations in Letters of Credit hereunder during the Availability Period, expressed as an amount representing the maximum aggregate amount of such Lender's Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

The initial aggregate amount of the Lenders' Commitments is \$200 million.

"Common Stock" means common stock of the Borrower.

"Consolidated Cash Interest Expense" means, for any period, (a) the sum of (i) the interest expense (including imputed interest expense in respect of Capital Lease Obligations) of the Borrower and the Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, (ii) any interest accrued during such period in respect of Indebtedness of the Borrower or any Subsidiary that is required to be capitalized rather than included in consolidated interest expense for such period in accordance with GAAP, (iii) cash payments made during such period to holders of Permitted Preferred Stock, plus (iv) any cash payments made during such period in respect of obligations referred to in clause (b)(ii) below that were amortized or accrued in a previous period, minus (b) the sum of (i) to the extent included in such consolidated interest expense for such period, noncash amounts attributable to amortization of financing costs paid in a previous period, plus (ii) to the extent included in such consolidated interest expense for such period, noncash amounts attributable to amortization of debt discounts or accrued interest payable in kind for such period.

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) consolidated interest expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period, (iv) any extraordinary noncash charges for such period and (v) any noncash nonrecurring charges for such period, and minus (b) without duplication and to the extent included in determining such Consolidated Net Income, any extraordinary gains and nonrecurring gains for such period, all determined on a consolidated basis in accordance with GAAP.

"Consolidated Funded Debt" means, at any time, the sum, without duplication of (i) the long-term obligations of the Borrower and its Subsidiaries (excluding current maturities) plus (ii) all Indebtedness of the Borrower and its Subsidiaries which matures one year or less from the date of determination but is extendable or renewable at the sole option of the Borrower or any Subsidiary in such a manner that it may become payable more than one year from the date of determination, in each case on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income or loss of the Borrower and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income of SIV at any time when SIV is not a wholly-owned Subsidiary, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of the Subsidiaries by SIV during such period, and (b) the income or loss of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Borrower or any Subsidiary or the date that such Person's assets are acquired by the Borrower or any Subsidiary.

"Consolidated Net Tangible Assets" means, at any time, the aggregate amount of assets (less applicable accumulated depreciation, depletion and amortization and other reserves and other properly deductible items) of the Borrower and its Subsidiaries, minus (a) all current liabilities of the Borrower and its Subsidiaries (excluding (i) liabilities that by their terms are extendable or renewable at the option of the obligor to a date more than 12 months after the date of determination and (ii) current maturities of long-term debt) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other intangible assets of the Borrower and its Subsidiaries, all as set forth in the most recent consolidated balance sheet of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Default" means any act, event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06 to the Disclosure Letter.

"Disclosure Letter" means the letter dated the Initial Effective Date delivered by the Borrower to the Administrative Agent and designated as the "Disclosure Letter".

"Distribution Agreement" means the Distribution Agreement dated as of June 17, 1999, between the Borrower and IMS, as the same may be amended from time to time in accordance with the terms hereof.

"Dividend" means a one-time dividend in the approximate aggregate amount of \$125 million paid by the Borrower to the holders of Common Stock as part of the Recapitalization.

"dollars" or "\$" refers to lawful money of the United States of America.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or health and safety matters, as now or hereafter in effect.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located; (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above; and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.17(b)), any withholding tax that (i) is in effect and would apply to amounts payable to such Foreign Lender at the time such Foreign Lender becomes

a party to this Agreement (or designates a new lending office), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to any withholding tax pursuant to Section 2.15(a), or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.15(e).

"Existing Letter of Credit" means the letter of credit in a face amount of \$280,539 issued by the Issuing Bank on or about June 23, 2000 for the benefit of Elberon Development Co.

"Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans and its LC Exposure at such time.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100th of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100th of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, chief financial officer-North American, principal accounting officer, treasurer, assistant treasurer, controller or assistant controller of the Borrower.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Agreement" means the Guarantee Agreement, substantially in the form of Exhibit C, among the Subsidiary Loan Parties and the Administrative Agent, for the benefit of the Lenders.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"IFSC" means the wholly-owned Subsidiary to be formed under the laws of Ireland and used in connection with the Borrower's corporate treasury functions, including intra-group factoring and lending, cash pooling and netting and liquidity management.

"IMS" means IMS Health Incorporated, a Delaware corporation.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business and not more than 60 days past due), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party or applicant in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor; provided, that, for the avoidance of doubt, the Share Forward Purchase Agreements shall not constitute Indebtedness.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnity, Subrogation and Contribution Agreement" means the Indemnity, Subrogation and Contribution Agreement, substantially in the form of Exhibit D, among the Borrower, the Subsidiary Loan Parties and the Administrative Agent, for the benefit of the Lenders.

"Information Memorandum" means the Confidential Information Memorandum dated June, 1999 relating to the Borrower and the Transactions.

"Initial Effective Date" means July 16, 1999.

"Insignificant Subsidiary" means any Subsidiary that is not a Significant Subsidiary.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

"Interest Period" means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means The Chase Manhattan Bank, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.08(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term

"Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"Letter of Credit" means any Existing Letter of Credit and any letter of credit issued pursuant to this Agreement.

"Leverage Ratio" means, on any date, the ratio of (a) Total Balance Sheet Indebtedness as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters of the Borrower ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter of the Borrower most recently ended prior to such date).

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Market Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5 million and for a maturity comparable to such Interest Period are offered by the principal London office of the entity serving as

Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Indemnity, Subrogation and Contribution Agreement, the Pledge Agreement and the Guarantee Agreement (including any supplements thereto).

"Loan Parties" means the Borrower and the Subsidiary Loan Parties.

"Loans" means the revolving loans made by the Lenders to the Borrower pursuant to this Agreement.

"Margin Stock" means "Margin Stock" (as defined in Regulation U of the Board).

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects, financial condition or contractual arrangements of the Borrower and the Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under any Loan Document or (c) the rights of or benefits available to the Lenders under any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and the Subsidiaries in an aggregate principal amount exceeding \$30 million. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Maturity Date" means July 16, 2004.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event, (a) the cash proceeds received in respect of such event including any cash received in respect of any noncash proceeds, but only as and when received, net of (b) all reasonable fees and out-of-pocket expenses paid by the Borrower and the Subsidiaries to third parties (other than Affiliates, to the extent such fees and expenses are greater than those that would have been obtained on an arm's-length basis) in connection with such event.

"Other Taxes" means any and all present or future recording, stamp, documentary, excise, transfer, sales, property or similar taxes, charges or levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Acquisitions" means any acquisition of any assets or capital stock of another Person; provided that (i) the Borrower shall be in pro forma compliance with the covenants in Sections 6.12, 6.13, 6.14, 6.15 and 6.17 after giving effect to such acquisition as if such acquisition occurred immediately prior to the first day of the period of four consecutive fiscal quarters most recently ended prior to such acquisition and (ii) if such acquisition, when given pro forma effect as described in clause (i) above, would cause a 10% or greater decrease in the Borrower's Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended prior to such acquisition, the Required Lenders shall have consented to such acquisition.

"Permitted Capital Obligations" means Permitted Preferred Stock or Permitted Subordinated Debt.

"Permitted Capital Obligations Effective Date" means April 17, 2000.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 60 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of (i) any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than \$500 million or (ii) any other commercial bank that has a rating of at least AA by S&P or Aa by Moody's (or an equivalent rating by Fitch IBCA if neither S&P nor Moody's provides such a rating);

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, any State of the United States or any foreign state having, at the date of its acquisition by the Borrower or a Subsidiary, a rating of at least AA by S&P or Aa by Moody's, in each case maturing within one year from the date of the acquisition;

(f) money market funds organized under the laws of the United States or any State thereof that invest solely in the foregoing investments; and

(g) municipal and corporate auction rate preferred stock with reset periods of no longer than 49 days.

"Permitted Preferred Stock" means preferred stock issued by the Borrower that (a) does not require any repurchase or redemption (other than conversion or exchange into Common Stock), whether contingent or not, prior to the date that is eight months after the Maturity Date and (b) is on terms and conditions that are reasonably acceptable to the Administrative Agent, and otherwise is on terms customary in the relevant capital markets for preferred stock issued by issuers similar to the Borrower.

"Permitted Subordinated Debt" means subordinated, unsecured indebtedness of the Borrower that (a) requires no scheduled cash payments of principal and no mandatory repurchase or redemption obligations prior to the date that is eight months after the Maturity Date, (b) does not impose any financial or other "maintenance" covenants on the Borrower or any of the Subsidiaries, (c) is not guaranteed

by any Subsidiaries and (d) contains customary subordination terms that are reasonably acceptable to the Administrative Agent, and otherwise is on terms and conditions customary in the relevant capital markets for subordinated indebtedness issued by issuers similar to the Borrower.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreement " means the pledge agreement dated the Initial Effective Date between the Borrower and the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit E.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by The Chase Manhattan Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Recapitalization " means the recapitalization pursuant to which (a) the Borrower paid the Dividend, (b) the Common Stock was reclassified into Class A Common Stock and Class B Common Stock, (c) IMS exchanged all but approximately 7,000,000 shares of Common Stock held by it for an equal number of newly issued shares of Class B Common Stock and distributed such shares to its stockholders in a tax-free distribution, (d) the Borrower repurchased approximately 15% of its outstanding shares of Common Stock pursuant to the Tender Offer and (e) the Borrower has effected or will effect open market repurchases aggregating approximately 5% of its shares of Common Stock outstanding as of the Initial Effective Date.

"Recapitalization Documents" means the Distribution Agreement and the Agreement and Plan of Merger dated June 17, 1999 and any other documents entered into by the Borrower or any Subsidiary in connection with the Recapitalization.

"Register" has the meaning set forth in Section 9.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, Lenders having Exposures and unused Commitments representing more than 50% of the sum of the total Exposures and unused Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in the Borrower or any Subsidiary or any option, warrant or other right to acquire any such Equity Interests in the Borrower or any Subsidiary.

"Sale-Leaseback Transaction" means any arrangement whereby the Borrower or a Subsidiary shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

"Second Amendment Effective Date" means the date that this Agreement was amended and restated pursuant to the Second Amendment and Restatement Agreement, dated as of July 17, 2000, among the Borrower, the Subsidiary Loan Parties, the Administrative Agent and the Lenders.

"Share Forward Purchase Agreements" means those certain letter agreements entered into on May 8, 1997, between the Borrower and Deutsche Morgan Grenfell, in respect of the Borrower's Common Stock.

"Significant Subsidiary" means (a) any Subsidiary that is identified as significant on Schedule 3.12 to the Disclosure Letter so long as it has not been designated as insignificant by the Borrower in accordance with Section 5.10 and (b) such other Subsidiaries as the Borrower may designate as significant to the Administrative Agent in accordance with Section 5.10; provided that at all times (i) the book value of the total assets of the Borrower and all

Significant Subsidiaries shall exceed 90% of the book value of all assets of the Borrower and its Subsidiaries and (ii) the total revenue of the Borrower and all Significant Subsidiaries shall exceed 90% of the total revenue of the Borrower and its Subsidiaries, in each case for the fiscal year most recently ended.

"SIV" means SI Venture Fund L.L.C. (which is expected to change its name to SI Venture Associates L.L.C.), a limited liability company formed under the laws of Delaware.

"S&P" means Standard & Poor's Ratings Services.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the entity serving as Administrative Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in dollars of over \$100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or

more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of the Borrower.

"Subsidiary Loan Party" means (a) any Significant Subsidiary that is not a Foreign Subsidiary and (b) any Subsidiary (other than a Foreign Subsidiary) that directly or indirectly owns any capital stock of any Subsidiary Loan Party; provided, that "Subsidiary Loan Party" shall not include SIV.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Tender Offer" means the tender offer pursuant to which the Borrower purchased up to 15% (plus or minus 2%) of the shares of Common Stock outstanding as of the Initial Effective Date.

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"Total Balance Sheet Indebtedness" means, at any date, all Indebtedness of the Borrower and its Subsidiaries on such date that would be reflected as a liability on a consolidated balance sheet of the Borrower and its Subsidiaries prepared as of such date in accordance with GAAP.

"Total Senior Balance Sheet Indebtedness" means, at any date, Total Balance Sheet Indebtedness on such date minus the amount of outstanding Permitted Subordinated Debt that would be reflected on a consolidated balance sheet of

the Borrower prepared in accordance with GAAP as of such date.

"Transactions" means (a) the Recapitalization and (b) the execution, delivery and performance by the Borrower and the Subsidiary Loan Parties of the Loan Documents, the borrowing of Loans, the use of proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to by Type (e.g., a "Eurodollar Loan" or a "Eurodollar Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and the "date hereof" shall be construed to mean the Second Amendment Effective Date, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and

all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Initial Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(b) All pro forma computations required to be made hereunder giving effect to any acquisition, investment, sale, disposition, merger or similar event shall reflect on a pro forma basis such event and, to the extent applicable, the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Indebtedness, but shall not take into account any projected synergies or similar benefits expected to be realized as a result of such event.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in such Lender's Exposure exceeding such Lender's Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it

shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1 million and not less than \$5 million. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1 million and not less than \$5 million; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.08(e). Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 9:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the Business Day of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or facsimile transmission to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of such Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon (or 3:00 p.m. in the case of an ABR Loan), New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request; provided, that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.08(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in

reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing as of the date of such Borrowing.

SECTION 2.05. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or facsimile transmission to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.06. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1 million and not less than \$5 million and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.09, the sum of the Exposures would exceed the total Commitments.

(c) [reserved]

(d) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section, at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.07. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan of such Lender on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent

hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement or the obligations of the Lenders to make Loans or give credit for repayments.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account or for the account of Subsidiaries, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or transmit by facsimile (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or

identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed \$20,000,000 and (ii) the total Exposures shall not exceed the total Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or

termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If (i) the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit and (ii) there is insufficient cash collateral held pursuant to paragraph (j) of this Section to be applied to make the portion of such payment not made by the Borrower without leaving the requirements of such paragraph (j) unsatisfied after making such payment, then the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 2:00 p.m., New York City time, on (i) the date that the Borrower shall have received notice of such LC Disbursement, if the Borrower shall have received such notice prior to 10:00 a.m., New York City time, on such date, or (ii) on the Business Day immediately following the date that the Borrower receives such notice, if such notice is received after 10:00 a.m., New York City time; provided that, if such LC Disbursement is not less than \$5,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.04 with respect to Loans made by such Lender (and Section 2.04 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders; provided, that the amount required to be funded by any Lender under this paragraph in respect of such LC Disbursement, together with the amount of any ABR Loan made by such Lender as contemplated by this clause (e), shall not exceed such Lender's Applicable Percentage of the amount by which such LC Disbursement exceeds portion of such LC Disbursement reimbursed by the Borrower. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such

Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of the Issuing Bank, the Issuing Bank shall be deemed to have exercised care in each such determination. In

furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by facsimile transmission) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.11(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.10(c). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing

Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposures representing greater than 50% of the total LC Exposures) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Article VII. Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required

to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.09. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section and Section 2.14.

(b) In the event and on such occasion that the sum of the Exposures exceeds the total Commitments, the Borrower shall prepay Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Administrative Agent pursuant to Section 2.08(j)) in an aggregate amount equal to such excess.

(c) [intentionally omitted]

(d) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to paragraph (e) of this Section.

(e) The Borrower shall notify the Administrative Agent by telephone (confirmed by facsimile transmission) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.06, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06(d). Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the

Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11.

(f) [intentionally omitted].

SECTION 2.10. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily unused amount of each Commitment of such Lender during the period from and including the date hereof to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Initial Effective Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees, a Commitment of a Lender shall be deemed to be used to the extent of the outstanding Loans and LC Exposure of such Lender.

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(c) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate as interest on Eurodollar Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Second Amendment Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.25% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Second Amendment Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and

including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Second Amendment Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment

and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be prima facie evidence absent demonstrative error.

SECTION 2.12. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be prima facie evidence absent demonstrative error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or facsimile transmission as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.13. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets

of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement to the extent reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then within 10 Business Days after demand the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be prima facie evidence absent demonstrative error. The

Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or the Issuing Bank notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.14. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.09(f) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.17, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to equal an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and

period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower within 180 days of the event giving rise to such loss, cost or expense and shall be prima facie evidence absent demonstrative error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 Business Days after receipt thereof.

SECTION 2.15. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, the Issuing Bank or the applicable Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law and (iv) the Borrower shall have the right to contest any such Taxes and/or receive any refunds paid or payable with respect to the same.

(b) In addition, but without duplication of clause (a), the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify and reimburse the Administrative Agent, each Lender and the Issuing Bank within 10 Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Bank or by the Administrative Agent on its own behalf or on behalf of a

Lender or the Issuing Bank shall be prima facie evidence absent demonstrative error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate, provided that such Foreign Lender has received written notice from the Borrower or the Administrative Agent advising it of the availability of such exemption or reduction and supplying all applicable documentation.

SECTION 2.16. Payments Generally; Pro Rata Treatment; Sharing of Setoffs. (a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.13, 2.14 or 2.15, or otherwise) prior to the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 2:00 p.m., New York City time), on the date when due, in immediately available funds, without setoff or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, except payments to be made directly to the Issuing Bank as expressly provided herein and except that payments pursuant to Sections 2.13, 2.14, 2.15 and 9.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the

account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest (except to the extent that such purchasing Lender is ordered by a court of competent jurisdiction to pay interest on such recovered payment), and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or

Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b), 2.08(d), 2.16(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce

amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent and the Issuing Bank, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a material reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers. Each of the Borrower and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the

jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and to own and lease its properties as now owned or leased, and is qualified to do business in, and is in good standing in, every jurisdiction where such qualification or such good standing is required, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.02. Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any material Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended September 30, 1998, reported on by KPMG Peat Marwick LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended March 31, 1999, certified by its chief

financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) The Borrower has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of March 31, 1999, prepared giving effect to the Transactions as if the Transactions had occurred on such date. Such pro forma consolidated balance sheet (i) has been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements included in the Information Memorandum (which assumptions are believed by the Borrower to be reasonable), (ii) is based on the best information available to the Borrower after due inquiry, (iii) accurately reflects all adjustments necessary to give effect to the Transactions and (iv) presents fairly, in all material respects, the pro forma financial position of the Borrower and its consolidated Subsidiaries as of March 31, 1999 as if the Transactions had occurred on such date.

(c) On the date hereof, except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, after giving effect to the Transactions, none of the Borrower or its Subsidiaries has any material contingent liabilities, unusual long-term commitments or unrealized losses.

(d) Since September 30, 1998, there has been no material adverse change in the business, assets, operations, prospects, financial condition or contractual arrangements of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere in any material respect with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed or otherwise has rights to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and, to the Borrower's knowledge, the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any

other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(c) Since the Initial Effective Date, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.07. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority (including any applicable labor laws or regulations) applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.08. Investment and Holding Company Status. Neither the Borrower nor any of its Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.09. Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) any Taxes that are being or promptly will be contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan.

SECTION 3.11. Disclosure. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries. Schedule 3.12 to the Disclosure Letter sets forth the name of, and the ownership interest of the Borrower and each other Subsidiary in, each Subsidiary and identifies each Subsidiary that is a Significant Subsidiary and/or a Subsidiary Loan Party, in each case as of the Second Amendment Effective Date.

SECTION 3.13. Insurance. Schedule 3.13 to the Disclosure Letter sets forth a description of all insurance maintained by or on behalf of the Borrower and its Subsidiaries as of the Second Amendment Effective Date. As

of the Second Amendment Effective Date, all premiums in respect of such insurance have been paid. The Borrower believes that the insurance maintained by or on behalf of the Borrower and its Subsidiaries is adequate.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) [intentionally omitted].

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Loan Party, the authorization of the Transactions and any other legal matters relating to the Loan Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Second Amendment Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Second Amendment Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be

reimbursed or paid by any Loan Party hereunder or under any other Loan Document.

(f) The Administrative Agent (or its counsel) shall have received from each party thereto a counterpart of the Guarantee Agreement signed on behalf of such party.

(g) All consents and approvals required to be obtained from any Governmental Authority or other Person in connection with the Recapitalization shall have been obtained (including from the stockholders of the Borrower), and all applicable waiting periods and appeal periods shall have expired, in each case without the imposition of any materially burdensome conditions. The Administrative Agent shall have received copies of any Recapitalization Documents signed prior to such date and all certificates, opinions and other documents delivered thereunder prior to such date, certified by a Financial Officer as complete and correct.

(h) The Lenders shall have received a pro forma consolidated balance sheet of the Borrower as of March 31, 1999, reflecting all pro forma adjustments as if the Transactions had been consummated on such date, and such pro forma consolidated balance sheet shall be consistent in all material respects with the forecasts and other information previously provided to the Lenders.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to receipt of the request therefor in accordance herewith and to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent they expressly relate to an earlier date, in which case as of such earlier date.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year of the Borrower, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures as of the end of and for the previous fiscal year, all reported on by KPMG Peat Marwick LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects

the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Sections 6.12, 6.13, 6.14, 6.15 and 6.17 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the Borrower's audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and

(c) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay its Indebtedness and other obligations, including Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear and obsolescence excepted.

SECTION 5.06. Insurance. The Borrower will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurance companies insurance in such amounts (with no greater risk retention) and against such risks as are customarily maintained by companies of established repute engaged in the same or

similar businesses operating in the same or similar locations. The Borrower will furnish to the Lenders, upon request of the Administrative Agent, information in reasonable detail as to the insurance so maintained.

SECTION 5.07. Books and Records; Inspection and Audit Rights. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, without material disruption of the Borrower's business, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested, in each case subject to the Lenders' confidentiality obligations under Section 9.12.

SECTION 5.08. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.09. Use of Proceeds and Letters of Credit. (a) The proceeds of the Loans will be used by the Borrower only (i) to finance repurchases of common stock pursuant to the Tender Offer or on the open market and (ii) for general corporate purposes of the Borrower and its Subsidiaries (including to refinance Indebtedness outstanding hereunder prior to the Second Amendment Effective Date). Letters of Credit will be issued for general corporate purposes of the Borrower and its Subsidiaries.

(b) No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 5.10. Additional Subsidiaries; Significant Subsidiaries. The Borrower may from time to time, but no more than once each fiscal year, by written notice to the Administrative Agent designate Subsidiaries as "Significant Subsidiaries" or "Insignificant Subsidiaries",

and the Borrower shall make such designation as necessary to comply with the requirements of the definition of "Significant Subsidiary". If any additional Subsidiary is formed or acquired or becomes a Subsidiary after the date hereof, the Borrower shall, within thirty days after such Subsidiary is formed or acquired or becomes a Subsidiary, notify the Administrative Agent thereof and designate such Subsidiary as a "Significant Subsidiary" or an "Insignificant Subsidiary". The Borrower may designate Subsidiaries as "Significant Subsidiaries" or "Insignificant Subsidiaries" if such designation is necessary to cure a default described in clause (m) of Article VII, provided that the Required Lenders have determined that the newly-designated "Significant Subsidiaries" are comparable in all material respects to the newly-designated "Insignificant Subsidiaries." At the time of any designation pursuant to any of the preceding three sentences, the Borrower shall (a) provide to the Administrative Agent a certificate of a Financial Officer (i) if any Subsidiary is being designated as "Insignificant," stating that no Default has occurred and is continuing after giving effect to such designation and (ii) setting forth reasonably detailed calculations demonstrating compliance with the requirements of the definition of "Significant Subsidiary" immediately after such designation on a pro forma basis as if such designation had occurred immediately prior to the first day of the fiscal year most recently ended and (b) cause any Subsidiary that is being designated as a "Significant Subsidiary" and is not a Foreign Subsidiary to become a party to the Guarantee Agreement. Section 19 of the Guarantee Agreement shall apply to designations made pursuant to this Section.

SECTION 5.11. Federal Reserve Regulations. The Borrower will, and will cause each Subsidiary to, ensure that at no time will Margin Stock comprise 25% or more of the assets that are (or would but for the exclusions in Sections 6.02(e) and 6.05(d) be) subject to the restrictions of Section 6.02 or Section 6.05.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements

shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. The Borrower will not, and will not permit any Subsidiary Loan Party to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created under the Loan Documents and Permitted Subordinated Debt;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 to the Disclosure Letter and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof;

(c) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary; provided that Indebtedness of any Subsidiary that is not a Loan Party to the Borrower or any Subsidiary Loan Party shall be subject to Section 6.04;

(d) Guarantees by the Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary; provided that Guarantees by the Borrower or any Subsidiary Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(e) any Indebtedness of a Subsidiary, secured Indebtedness of the Borrower, or Capital Lease Obligation of the Borrower; provided that the sum, without duplication, of (i) the aggregate principal amount of Indebtedness permitted by this clause (e) and (ii) the Attributable Debt permitted by Section 6.06(b), shall not exceed at any time outstanding the greater of (i) \$25 million and (ii) 12.5% of Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such time;

(f) Indebtedness of the Borrower or any Subsidiary in respect of (i) standby or performance letters of credit; provided that the aggregate amount of Indebtedness permitted by this clause (i) shall not at any time exceed the greater of (A) \$10 million and (B) 5% of Consolidated EBITDA for the period of four

consecutive fiscal quarters most recently ended on or prior to such time; and (ii) trade letters of credit;

(g) Indebtedness of any Person that becomes a Subsidiary after the date hereof; provided that such Indebtedness exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary; and

(h) other unsecured Indebtedness in an aggregate principal amount not exceeding at any time outstanding the greater of (i) \$100 million and (ii) 50% of Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such time.

SECTION 6.02. Liens. The Borrower will not, and will not permit any Subsidiary Loan Party to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02 to the Disclosure Letter; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens securing Indebtedness permitted by Section 6.01(e); provided that the fair market value of the property and assets subject to such Liens does not exceed the principal amount of such Indebtedness by more than 25%;

(e) Liens on any Margin Stock held by the Borrower or any Subsidiary to the extent that such Margin Stock would otherwise comprise 25% or more of the property and assets subject to this Section 6.02; and

(f) any Lien renewing, extending or refunding any Lien permitted by Section 6.02(b), provided that the principal amount secured is not increased and the Lien is not extended to other property.

SECTION 6.03. Fundamental Changes. (a) The Borrower will not, nor will it permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (i) any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person may merge into any Subsidiary and any Subsidiary may merge into any Person in a transaction in which the surviving entity is or becomes a Subsidiary and (if any party to such merger is a Subsidiary Loan Party) is or becomes a Subsidiary Loan Party and (iii) any Subsidiary (other than a Subsidiary Loan Party) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04; provided further, that prior to consummating any merger pursuant to clause (i) or (ii) of this Section 6.03, the Borrower will deliver to the Administrative Agent a certificate of a Financial Officer demonstrating compliance immediately following such merger, on a pro forma basis giving effect to such merger, with Sections 6.12, 6.13, 6.14, 6.15 and 6.17.

(b) The Borrower and its Subsidiaries, collectively, will not engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date hereof and businesses reasonably related or incidental thereto.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary prior to such merger) any Equity Interests in or evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit, except:

(a) Permitted Investments;

(b) investments existing on the date hereof and set forth on Schedule 6.04 to the Disclosure Letter;

(c) investments by the Borrower and its Subsidiaries in Subsidiaries; provided that the aggregate amount of investments by Loan Parties in, and loans and advances by Loan Parties to, and Guarantees by Loan Parties of Indebtedness of, Subsidiaries that are not Loan Parties (excluding all such investments, loans, advances and Guarantees otherwise permitted pursuant to this Section 6.04) shall not at any time outstanding exceed the greater of (i) \$100 million and (ii) 37.5% of Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such time;

(d) loans or advances made by the Borrower to any Subsidiary and made by any Subsidiary to the Borrower or any other Subsidiary; provided that any such loans or advances from Loan Parties to Subsidiaries that are not Loan Parties are represented by promissory notes that are pledged to the Administrative Agent for the benefit of the Lenders pursuant to the Pledge Agreement;

(e) Guarantees constituting Indebtedness permitted by Section 6.01; provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall be subject to the limitation set forth in clause (c) above;

(f) Permitted Acquisitions;

(g) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(h) investments by the IFSC and investments by the Borrower and its Subsidiaries in the IFSC; provided that such investments in the IFSC do not in the aggregate exceed \$100 million;

(i) investments by SIV and investments by the Borrower and its Subsidiaries in SIV, to the extent that such investments in SIV do not exceed (i) \$30 million in the aggregate made at any time pursuant to approvals of the Borrower's Board of Directors on or prior to the Initial Effective Date or (ii) \$15 million made in any fiscal year of the Borrower that ends after the Initial Effective Date; and

(j) investments not described in clauses (a) through (i) above; provided that the aggregate amount of such investments does not at any time outstanding exceed the greater of (i) \$15 million and (ii) 7.5% of Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such time.

SECTION 6.05. Asset Sales. The Borrower will not, and will not permit any Subsidiary Loan Party to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any of its Subsidiaries to issue any additional Equity Interest in such Subsidiary (other than to the Borrower or another Subsidiary), except:

(a) sales of inventory, used or surplus equipment and Permitted Investments in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary; provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) sales, transfers and other dispositions of assets (other than Equity Interests in a Subsidiary Loan Party) that are not permitted by any other clause of this Section; provided that the aggregate book value of all assets sold, transferred or otherwise disposed

of on or after the Second Amendment Effective Date in reliance upon this clause (c) shall not, at the time of such sale, transfer or other disposition, exceed the greater of (i) 10% of Consolidated Net Tangible Assets and (ii) \$50 million; and

(d) sales, transfers or other dispositions of any Margin Stock held by the Borrower or any Subsidiary to the extent such Margin Stock would otherwise comprise 25% or more of the property and assets subject to this Section 6.05.

SECTION 6.06. Sale and Leaseback Transactions. The Borrower will not, and will not permit any Subsidiary to, enter into any Sale-Leaseback Transaction except:

(a) Sale-Leaseback Transactions to which the Borrower or any Subsidiary is a party as of the date hereof; and

(b) other Sale-Leaseback Transactions; provided that the sum, without duplication, of (i) the Indebtedness permitted by Section 6.01(e) and (ii) the aggregate Attributable Debt in respect of Sale-Leaseback Transactions permitted by this clause (b), does not at any time outstanding exceed the greater of (i) \$25 million and (ii) 12.5% of Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such time.

SECTION 6.07. Hedging Agreements. The Borrower will not, and will not permit any Subsidiary Loan Party to, enter into any Hedging Agreement, other than Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities, including Hedging Agreements entered into in connection with this Agreement.

SECTION 6.08. Restricted Payments. The Borrower will not, nor will it permit any Subsidiary Loan Party to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except, so long as no Default has occurred and is continuing or would occur as a result thereof, (i) the Borrower may declare and pay dividends with respect to its capital stock payable solely in additional shares of Common Stock, (ii) Subsidiaries may declare and pay dividends ratably with respect to their capital stock, (iii) the Borrower may make Restricted

Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries, (iv) the Borrower may pay the Dividend, (v) the Borrower may repurchase shares of Common Stock pursuant to the Tender Offer, (vi) the Borrower may effect open market purchases of up to approximately 5% (as the same may increase or decrease based on the number of shares acquired in the Tender Offer) of its shares of Common Stock outstanding on the Initial Effective Date, and (vii) the Borrower may make other Restricted Payments so long as the aggregate amount of Restricted Payments made pursuant to this clause (vii) after the Initial Effective Date does not exceed \$50 million; (viii) the Borrower may make Restricted Payments made pursuant to the Share Forward Purchase Agreements; (ix) the Borrower may make any other cash Restricted Payment, provided that, in the case of this clause (ix), on a pro forma basis after giving effect to such Restricted Payment, the Borrower's Leverage Ratio is less than 1.50 to 1.00; and (x) the Borrower may pay cash dividends to holders of Permitted Preferred Stock; provided that, after giving effect to any such dividend on a pro forma basis as if such dividend had been made on the last day of the fiscal quarter most recently ended on or prior to the date of such dividend, the Borrower would be in compliance with Sections 6.12, 6.13 and 6.17.

SECTION 6.09. Transactions with Affiliates. The Borrower will not, nor will it permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions in the ordinary course of business that are at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and the Subsidiary Loan Parties not involving any other Affiliate, (c) any Restricted Payments permitted by Section 6.08 and (d) the Recapitalization.

SECTION 6.10. Restrictive Agreements. The Borrower will not, nor will it permit any Subsidiary Loan Party to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee

Indebtedness of the Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 to the Disclosure Letter (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary or assets pending such sale, provided such restrictions and conditions apply only to the Subsidiary or assets that are to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.11. Amendment of Material Documents. The Borrower will not, nor will it permit any Subsidiary to, make or agree to any material change in the terms of the Recapitalization from those described to the Lenders prior to the date hereof in any manner that is adverse in any significant respect to the Lenders.

SECTION 6.12. Interest Expense Coverage Ratio. The Borrower will not permit the ratio of (a) Consolidated EBITDA to (b) Consolidated Cash Interest Expense, in each case for any period of four consecutive fiscal quarters, to be less than (i) 3.50 to 1.00, for the periods of four consecutive fiscal quarters ending March 31, 2000, June 30, 2000 and September 30, 2000, respectively, and (ii) 4.50 to 1.00, for all subsequent periods.

SECTION 6.13. Total Balance Sheet Indebtedness to EBITDA. The Borrower will not permit the ratio of (a) Total Balance Sheet Indebtedness as of the last day of any fiscal quarter to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters ending with such fiscal quarter, to exceed 4.00 to 1.00.

SECTION 6.14. Annualized Contract Value to Total Balance Sheet Indebtedness. The Borrower will not permit the ratio of (a) Annualized Contract Value as of the last day of any fiscal quarter to (b) Consolidated Funded Debt as of the last day of such fiscal quarter, to be less than 1.25 to 1.00.

SECTION 6.15. Minimum Annualized Contract Value. The Borrower will not permit Annualized Contract Value as of the last day of any fiscal quarter to be less than \$350 million.

SECTION 6.16. Certain Indemnity Obligations. The Borrower will not, nor will it permit any Subsidiary to, take any action, or omit to take any action, that could reasonably be expected to result in the Borrower or any Subsidiary being liable for any indemnity or reimbursement obligation under any Recapitalization Document, including any indemnity or reimbursement obligation under Section II.7 of the Distribution Agreement, except for, on any date, (a) indemnity or reimbursement obligations that do not in the aggregate exceed \$150 million or (b) indemnity or reimbursement obligations that would not in the aggregate result in the ratio of (i) the sum of (A) Total Balance Sheet Indebtedness as of the last day of the fiscal quarter most recently ended on or prior to such date plus (B) the amount of such indemnity or reimbursement obligations to (ii) Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such date, exceeding 2.00 to 1.00.

SECTION 6.17. Total Senior Balance Sheet Indebtedness to EBITDA. On or after the Permitted Capital Obligations Effective Date, the Borrower will not permit the ratio of (a) Total Senior Balance Sheet Indebtedness as of the last day of any fiscal quarter to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters ending with such fiscal quarter, to exceed 2.00 to 1.00.

SECTION 6.18. Other Indebtedness and Agreements. The Borrower will not, nor will it permit any Subsidiary to, make any distribution, whether in cash, property, securities or a combination thereof, other than regular scheduled payments as and when due, in respect of, or pay, or offer or commit to pay, or directly or indirectly redeem, repurchase, retire or otherwise acquire for consideration, or set apart any sum for the aforesaid purposes, any Permitted Subordinated Debt, in each case except for any conversion of Permitted Subordinated Debt into Common Stock or Permitted Preferred Stock.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall

occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made or furnished;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of the Borrower) or 5.09(a) or in Article VI;

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of \$30 million shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) the guarantee of any Subsidiary Loan Party under the Guarantee Agreement shall not be (or shall be claimed by the Borrower or any Subsidiary Loan Party not to be) valid or in full force and effect, and such failure to be valid or in full force and effect shall not have been cured by the Borrower in accordance with the third sentence of Section 5.10; or

(n) a Change in Control shall occur;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then

outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be

necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall not be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more subagents appointed by the Administrative Agent. The Administrative Agent and any such subagent may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such subagent and to the Related Parties of the Administrative Agent and any such subagent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor to the Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the prior approval of the Borrower (which shall not be unreasonably withheld), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York and a minimum capital surplus of \$100 million, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

ARTICLE IX
Miscellaneous

SECTION 9.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile transmission, as follows:

(a) if to the Borrower, to it at 56 Top Gallant Road, Stamford, CT 06902, Attention of Chief Financial Officer (Facsimile No. (203) 316-6488) with copies to the Borrower's Treasurer at the same address and facsimile number and to the Borrower's Legal Department (Facsimile No. (203) 316-6525) at the same address;

(b) if to the Administrative Agent or to the Issuing Bank, to The Chase Manhattan Bank, Loan and Agency Services Group, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Ms. Mahin Gandomi (Facsimile No. (212) 552-5650), with a copy to The Chase Manhattan Bank, 999 Broad Street, Bridgeport, CT 06604, Attention of Mr. David Short (Facsimile No. (203) 382-6314); and

(c) if to any Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section,

and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or the LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the maturity of any Loan, or the required date of reimbursement of any LC Disbursement, or any date for the payment of any interest or fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.16(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the percentage set forth in the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender, (vi) release any Subsidiary Loan Party from, or limit or condition its obligations under, the Guarantee Agreement (except as expressly provided in the Guarantee Agreement or in Section 5.10), in each case without the written consent of each Lender or (vii) amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Bank without the prior written consent of the Administrative Agent or the Issuing Bank, as the case may be. Notwithstanding the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by the Borrower, the Required Lenders and the Administrative Agent (and, if its rights or obligations are affected thereby, the Issuing Bank) if (i) by the terms of

such agreement the Commitment of each Lender not consenting to the amendment provided for therein shall terminate upon the effectiveness of such amendment and (ii) at the time such amendment becomes effective, each Lender not consenting thereto receives payment in full of the principal of and interest accrued on each Loan made by it and all other amounts owing to it or accrued for its account under this Agreement.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, the Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing

Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the gross negligence or wilful misconduct of such Indemnatee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or the Issuing Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or the Issuing Bank, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Issuing Bank in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Exposures and unused Commitments at the time.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable within 10 Business Days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any

Affiliate of the Issuing Bank that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of the Borrower, the Issuing Bank and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5 million unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default under clause (h) or (i) of Article VII has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender

thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, the Issuing Bank or the Administrative Agent sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it);

provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.16(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.15 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.15(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign, or grant a security interest in, all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment or grant of a security interest; provided that no such pledge or assignment or grant of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(h) Notwithstanding anything to the contrary contained herein, any Bank (a "Granting Bank") may grant to a special purpose funding vehicle (a "SPC"), identified as such in writing from time to time by the Granting Bank to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Bank would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if a SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Bank shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by a SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Loan were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.04(h), any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of the SPC.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of

any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in

paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors on a need to know basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing

provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower, if the Administrative Agent, the Issuing Bank or such Lender has no actual knowledge that the provider of such information was under a confidentiality obligation. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the Initial Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

GARTNER GROUP, INC.,

by _____
Name:
Title:

THE CHASE MANHATTAN BANK,
individually and as
Administrative Agent,

by _____
Name:
Title:

CREDIT SUISSE FIRST BOSTON,
individually and as
Syndication Agent,

by _____
Name:
Title:

by _____
Name:
Title:

FLEET NATIONAL BANK,
individually and as
Documentation Agent,

by _____
Name:
Title:

BANCO ESPIRITO SANTO S.A.,
NASSAU BRANCH,

by _____
Name:
Title:

by _____
Name:
Title:

BANK LEUMI USA,

by _____
Name:
Title:

by _____
Name:
Title:

THE BANK OF NEW YORK,

by _____
Name:
Title:

THE BANK OF NOVA SCOTIA,

by _____
Name:
Title:

BANK OF AMERICA, N.A.,

by _____
Name:
Title:

COMERICA BANK,

by _____
Name:
Title:

THE DAI-ICHI KANGYO BANK,
LTD.,

by _____
Name:
Title:

DEUTSCHE BANK A.G., NEW YORK
AND/OR CAYMAN ISLANDS BRANCH,

by _____
Name:
Title:

by _____
Name:
Title:

FIRST UNION NATIONAL BANK,

by _____
Name:
Title:

THE FUJI BANK, LIMITED,

by _____
Name:
Title:

IBM CREDIT CORPORATION,

by _____

Name:
Title:

PEOPLE'S BANK,

by _____

Name:
Title:

CITIZENS BANK OF MASSACHUSETTS,

by _____

Name:
Title:

SUNTRUST BANK,

by _____

Name:
Title:

BANK ONE, NA, (MAIN OFFICE -
CHICAGO),

by _____

Name:
Title:

Lender

Commitment

[to come]

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of July 16, 1999 (as amended and in effect on the date hereof, the "Credit Agreement"), among Gartner Group, Inc., the Lenders named therein and The Chase Manhattan Bank, as Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

The Assignor named on the reverse hereof hereby sells and assigns, without recourse to the Assignor, to the Assignee named on the reverse hereof, and the Assignee hereby purchases and assumes, without recourse to the Assignor, from the Assignor, effective as of the Assignment Date set forth on the reverse hereof, the interests set forth on the reverse hereof (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the interests set forth on the reverse hereof in the Commitments of the Assignor on the Assignment Date and Loans owing to the Assignor which are outstanding on the Assignment Date, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement and the other Loan Documents. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights (except as otherwise provided in the Credit Agreement) and be released from its obligations under the Credit Agreement.

This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is a Foreign Lender, any documentation required to be delivered by the Assignee pursuant to Section 2.15(e) of the Credit Agreement, duly completed and executed by the Assignee, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form supplied by the Administrative Agent, duly completed by the Assignee. The [Assignee/Assignor] shall pay the fee payable to the Administrative Agent pursuant to Section 9.04(b) of the Credit Agreement.

This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

Date of Assignment:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Effective Date of Assignment
("Assignment Date"):

Facility -----	Principal Amount Assigned -----	Percentage Assigned of Facility/Commitment (set forth, to at least 8 decimals, as a percentage of the aggregate Commitments of all Lenders thereunder) -----
Commitment Assigned:	\$	%
Loans:		

The terms set forth above and on the reverse side hereof are hereby agreed to:

[Name of Assignor] , as Assignor

By: _____
Name:
Title:

[Name of Assignee] , as Assignee

By: _____
Name:
Title:

The undersigned hereby consent to the within assignment: 1/

Gartner Group, Inc.,

By: _____
Name:
Title:

The Chase Manhattan Bank, as
Administrative Agent,

By: _____
Name:
Title:

1/ Consents to be included to the extent required by Section 9.04(b) of
the Credit Agreement.

Form of Opinion of Borrower's Counsel

[to come]

[FORM OF]

GUARANTEE AGREEMENT dated as of July 16, 1999, among each of the subsidiaries listed on Schedule I hereto (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of GARTNER GROUP, INC., a Delaware corporation (the "Borrower"), and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as administrative agent (in such capacity, the "Administrative Agent") for the Lenders.

Reference is made to the Credit Agreement dated as of July 16, 1999 (as amended from time to time, the "Credit Agreement"), among the Borrower, the lenders from time to time party thereto (the "Lenders"), and Chase, as Administrative Agent. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans to the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. In connection therewith, each Subsidiary Guarantor has agreed to guarantee the Obligations (as defined below) by entering into this Agreement. Each of the Subsidiary Guarantors is a directly or indirectly owned Subsidiary of the Borrower, and each of the Subsidiary Guarantors acknowledges that it will derive substantial benefit from the making of the Loans by the Lenders. The obligations of the Lenders to make Loans are conditioned on, among other things, the execution and delivery by the Subsidiary Guarantors of a Guarantee Agreement in the form hereof. As consideration therefor, the Subsidiary Guarantors are willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. Guarantee. Each Subsidiary Guarantor unconditionally guarantees, jointly with the other Subsidiary Guarantors and severally, as a primary obligor and not merely as a surety, (a) the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the

pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Administrative Agent and the Lenders under the Credit Agreement and the other Loan Documents, (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Loan Parties under or pursuant to the Credit Agreement and the other Loan Documents and (c) the due and punctual payment and performance of all obligations of the Borrower under each Hedging Agreement entered into with any counterparty that was a Lender at the time such Hedging Agreement was entered into (all the monetary and other obligations described in the preceding clauses (a) through (c) being collectively called the "Obligations"). Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it.

SECTION 2. Obligations Not Waived. To the fullest extent permitted by applicable law, each Subsidiary Guarantor waives presentment to, demand of payment from and protest to the Borrower of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Subsidiary Guarantor hereunder shall not be affected by (a) the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce or exercise any right or remedy against the Borrower or any other Subsidiary Guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise or (b) any rescission, waiver (except the effect of any waiver obtained pursuant to Section 11(b)), amendment or modification of, or any release from any of the terms or provisions of, this Agreement, any other Loan Document, any Guarantee or any other agreement, including with respect to any other Subsidiary Guarantor under this Agreement.

SECTION 3. Guarantee of Payment. Each Subsidiary Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any Lender to any balance of any deposit account or credit on the books of the Administrative Agent or any Lender in favor of the Borrower or any other person or to any collateral security.

SECTION 4. No Discharge or Diminishment of Guarantee. The obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the infeasible payment in full in cash of the Obligations),

including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or that would otherwise operate as a discharge of any Subsidiary Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations). Each of the Subsidiary Guarantors authorizes the Administrative Agent to (a) take and hold security for the payment of this Guarantee and the Obligations and exchange, enforce, waive and release any such security, (b) apply such security and direct the order or manner of sale thereof as it in its sole discretion may determine and (c) release or substitute any one or more endorsees, other guarantors or other obligors.

SECTION 5. Defenses of Borrower Waived. To the fullest extent permitted by applicable law, each of the Subsidiary Guarantors waives any defense based on or arising out of any defense of the Borrower or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower, other than the final and indefeasible payment in full in cash of the Obligations. The Administrative Agent and the Lenders may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Borrower or any other guarantor or exercise any other right or remedy available to them against the Borrower or any other guarantor, without affecting or impairing in any way the liability of any Subsidiary Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Subsidiary Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Subsidiary Guarantor against the Borrower or

any other Subsidiary Guarantor or guarantor, as the case may be, or any security.

SECTION 6. Agreement to Pay; Subordination. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any Lender has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Subsidiary Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such Lender as designated thereby in cash the amount of such unpaid Obligations. Upon payment by any Subsidiary Guarantor of any sums to the Administrative Agent or any Lender as provided above, all rights of such Subsidiary Guarantor against the Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. If any amount shall erroneously be paid to any Subsidiary Guarantor on account of such subrogation, contribution, reimbursement, indemnity or similar right, such amount shall be held in trust for the benefit of the Administrative Agent and the Lenders and shall forthwith be paid to the Administrative Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 7. Information. Each of the Subsidiary Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Subsidiary Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the Lenders will have any duty to advise any of the Subsidiary Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 8. Representations and Warranties. Each of the Subsidiary Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct in all material respects.

SECTION 9. Termination. The Guarantees made hereunder (a) shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no

further commitment to lend under the Credit Agreement and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent or any Lender or any Subsidiary Guarantor upon the bankruptcy or reorganization of the Borrower, any Subsidiary Guarantor or otherwise. In addition, the guarantee made by each Subsidiary Guarantor hereunder shall automatically be terminated at such time, if any, as such Subsidiary Guarantor ceases to be a "Significant Subsidiary" pursuant to and in accordance with Section 5.10 of the Credit Agreement.

SECTION 10. Binding Effect; Several Agreement; Assignments.

Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Subsidiary Guarantors that are contained in this Agreement shall bind and inure to the benefit of the Administrative Agent, the Lenders and their respective permitted successors and assigns. This Agreement shall become effective as to any Subsidiary Guarantor when a counterpart hereof executed on behalf of such Subsidiary Guarantor shall have been delivered to the Administrative Agent, and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Subsidiary Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Subsidiary Guarantor, the Administrative Agent and the Lenders, and their respective permitted successors and assigns, except that no Subsidiary Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void), except as expressly contemplated by this Agreement or the other Loan Documents. If all of the capital stock of a Subsidiary Guarantor is sold, transferred or otherwise disposed of pursuant to a transaction permitted by the Credit Agreement, such Subsidiary Guarantor shall be released from its obligations under this Agreement without further action. This Agreement shall be construed as a separate agreement with respect to each Subsidiary Guarantor and may be amended, modified, supplemented, waived or released with respect to any Subsidiary Guarantor without the approval of any other Subsidiary Guarantor and without affecting the obligations of any other Subsidiary Guarantor hereunder.

SECTION 11. Waivers; Amendment. (a) No failure or delay of the

Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or

power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the Lenders under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Subsidiary Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Subsidiary Guarantors with respect to which such waiver, amendment or modification relates and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 13. Notices. All communications and notices hereunder shall be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to each Subsidiary Guarantor shall be given to it at its address set forth in Schedule I.

SECTION 14. Survival of Agreement; Severability. (a) All covenants, agreements, representations and warranties made by the Subsidiary Guarantors herein shall be considered to have been relied upon by the Administrative Agent and the Lenders and shall survive the making by the Lenders of the Loans regardless of any investigation made by the Administrative Agent or the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid and as long as the Commitments have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and

enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 15. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 10. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 16. Rules of Interpretation. The rules of interpretation specified in Section 1.03 of the Credit Agreement shall be applicable to this Agreement.

SECTION 17. Jurisdiction; Consent to Service of Process. (a) Each Subsidiary Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Subsidiary Guarantor or its properties in the courts of any jurisdiction.

(b) Each Subsidiary Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action

or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 13. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 18. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.

SECTION 19. Additional Subsidiary Guarantors. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary Loan Party that was not in existence on the date of the Credit Agreement or that becomes a Subsidiary Loan Party after such date is required to enter into this Agreement as a Subsidiary Guarantor. Upon execution and delivery after the date hereof by the Administrative Agent and such a Subsidiary Loan Party of an instrument in the form of Annex 1 hereto, such Subsidiary Loan Party shall become a Subsidiary Guarantor hereunder with effect from and after the date of such execution and delivery. The execution and delivery of any such instrument shall not require the consent of any other Subsidiary Guarantor hereunder. The rights and obligations of each Subsidiary Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

SECTION 20. Right of Setoff. If an Event of Default shall have occurred and be continuing, each of the Administrative Agent and the Lenders is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at

any time held and other Indebtedness at any time owing by the Administrative Agent or such Lender, as the case may be, or any of their respective Affiliates, to or for the credit or the account of any Subsidiary Guarantor against any or all the obligations of such Subsidiary Guarantor now or hereafter existing under this Agreement and the other Loan Documents held by the Administrative Agent or such Lender, irrespective of whether or not the Administrative Agent or such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations may be unmatured. The rights of the Administrative Agent and each Lender under this Section 20 are in addition to other rights and remedies (including other rights of setoff) which such Person may have.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

GARTNER GROUP, INC.,

by _____
Name:
Title:

COMPUTER AND COMMUNICATION
INFORMATION SERVICES, INC.,

by _____
Name:
Title:

DATAQUEST INCORPORATED,

by _____
Name:
Title:

DATAQUEST(KOREA)INC.,

by _____
Name:
Title:

DECISION DRIVERS, INC,

by _____
Name:
Title:

GARTNER ENTERPRISES LTD.,

by _____
Name:
Title:

GARTNER GROUP LEARNING INC.,

by _____
Name:
Title:

G.G. GLOBAL HOLDINGS,

by _____
Name:
Title:

G.G. INVESTMENT MANAGEMENT,
INC.,

by _____
Name:
Title:

G.G. CREDIT INC.,

by _____
Name:
Title:

G.G. WEST CORPORATION,

by _____
Name:
Title:

GRIGGS-ANDERSON, INC.,

by _____
Name:
Title:

THE RESEARCH BOARD, INC.,

by _____
Name:
Title:

VISION EVENTS INTERNATIONAL,
INC.,

by _____
Name:
Title:

VUE ACQUISITION CORPORATION,

by _____
Name:
Title:

THE CHASE MANHATTAN BANK, as
Administrative Agent,

by _____
Name:
Title:

G.G. CANADA, INC.

by _____
Name:
Title:

INTECO CORPORATION,

by _____
Name:
Title:

SCHEDULE I TO THE
GUARANTEE AGREEMENT

Subsidiary Guarantor

Address

SUPPLEMENT NO.

, to the Guarantee Agreement dated as of July 16, 1999, among each of the subsidiaries listed on Schedule I thereto (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of GARTNER GROUP, INC., a Delaware corporation (the "Borrower"), and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as Administrative Agent for the Lenders.

A. Reference is made to the Credit Agreement dated as of July 16, 1999 (as amended from time to time, the "Credit Agreement"), among the Borrower, the lenders from time to time party thereto (the "Lenders"), and Chase, as Administrative Agent for the Lenders. Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

B. The Subsidiary Guarantors have entered into the Guarantee Agreement in order to induce the Lenders to make Loans. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary Loan Party that was not in existence on the date of the Credit Agreement or that becomes a Subsidiary Loan Party after such date is required to enter into the Guarantee Agreement as a Subsidiary Guarantor. Section 19 of the Guarantee Agreement provides that such additional Subsidiaries of the Borrower may become Subsidiary Guarantors under the Guarantee Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary of the Borrower (the "New Subsidiary Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Guarantee Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made.

Accordingly, the Administrative Agent and the New Subsidiary Guarantor agree as follows:

SECTION 1. In accordance with Section 19 of the Guarantee Agreement, the New Subsidiary Guarantor by its signature below becomes a Subsidiary Guarantor under the Guarantee Agreement with effect from and after the date of execution and delivery of this Agreement in accordance with Section 3 hereof and the New Subsidiary Guarantor hereby (a) agrees to, and assumes and agrees to be bound by, all the terms and provisions of the Guarantee Agreement applicable to it as a Subsidiary Guarantor thereunder and (b) represents and warrants that the representations and warranties made by

it as a Subsidiary Guarantor thereunder are true and correct on and as of the date hereof. Each reference to a "Subsidiary Guarantor" in the Guarantee Agreement shall be deemed to include the New Subsidiary Guarantor. The Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary Guarantor represents and warrants to the Administrative Agent and the Lenders that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Subsidiary Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guarantee Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 13 of the Guarantee Agreement. All communications

and notices hereunder to the New Subsidiary Guarantor shall be given to it at the address set forth under its signature below, with a copy to the Borrower.

SECTION 8. The New Subsidiary Guarantor agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including

the fees, disbursements and other charges of counsel for the

Administrative Agent.

IN WITNESS WHEREOF, the New Subsidiary Guarantor and the Administrative Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

[Name of New Subsidiary Guarantor],

by _____
Name:
Title:
Address: _____

THE CHASE MANHATTAN BANK,
as Administrative Agent,

by _____
Name:
Title:

EXHIBIT D
INDEMNITY, SUBROGATION and CONTRIBUTION

AGREEMENT dated as of July 16, 1999, among GARTNER GROUP, INC., a Delaware corporation (the "Borrower"), each subsidiary of the Borrower listed on Schedule I hereto (the "Subsidiary Guarantors") and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as administrative agent (in such capacity, the "Administrative Agent") for the Lenders.

Reference is made to (a) the Credit Agreement dated as of July 16, 1999 (as amended from time to time, the "Credit Agreement"), among the Borrower, the lenders from time to time party thereto (the "Lenders"), and Chase, as administrative agent for the Lenders, and (b) the Guarantee Agreement dated as of July 16, 1999, among the Subsidiary Guarantors and the Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement"). Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans to the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. The Subsidiary Guarantors have agreed to guarantee such Loans and the other Obligations (as defined in the Guarantee Agreement) of the Borrower under the Credit Agreement pursuant to the Guarantee Agreement. The obligations of the Lenders to make Loans are conditioned on, among other things, the execution and delivery by the Borrower and the Subsidiary Guarantors of an agreement in the form hereof.

Accordingly, the Borrower, each Subsidiary Guarantor and the Administrative Agent agree as follows:

SECTION 1. Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Subsidiary Guarantors may have under applicable law (but subject to Section 3), the Borrower agrees that in the event a payment shall be made by any Subsidiary Guarantor under the Guarantee Agreement, the Borrower shall indemnify such Subsidiary Guarantor for the full amount of such payment and such Subsidiary Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment.

SECTION 2. Contribution and Subrogation. Each Subsidiary Guarantor (a "Contributing Guarantor") agrees

(subject to Section 3) that, in the event a payment shall be made by any other Subsidiary Guarantor under the Guarantee Agreement and such other Subsidiary Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by the Borrower as provided in Section 1, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor, and the denominator shall be the aggregate net worth of all the Subsidiary Guarantors, in each case on the date hereof (or, in the case of any Subsidiary Guarantor becoming a party hereto pursuant to Section 11, the date of the Supplement hereto executed and delivered by such Subsidiary Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 2 shall be subrogated to the rights of such Claiming Guarantor under Section 1 to the extent of such payment.

SECTION 3. Subordination. Notwithstanding any provision of this Agreement to the contrary, all rights of the Subsidiary Guarantors under Sections 1 and 2 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Obligations. No failure on the part of the Borrower or any Subsidiary Guarantor to make the payments required by Sections 1 and 2 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Subsidiary Guarantor with respect to its obligations hereunder, and each Subsidiary Guarantor shall remain liable for the full amount of the obligations of such Subsidiary Guarantor hereunder.

SECTION 4. Termination. This Agreement shall survive and be in full force and effect so long as any Obligation is outstanding and has not been indefeasibly paid in full in cash, and so long as any of the Commitments under the Credit Agreement have not been terminated, and shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any guaranteed Obligation is rescinded or must otherwise be restored by the Administrative Agent, any Lender or any Subsidiary Guarantor upon the bankruptcy or reorganization of the Borrower or any Subsidiary Guarantor or otherwise.

SECTION 5. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. No Waiver; Amendment. (a) No failure on the part of the Administrative Agent or any Subsidiary

Guarantor to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by the Administrative Agent or any Subsidiary Guarantor preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. None of the Administrative Agent and the Subsidiary Guarantors shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such parties.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Borrower, the Subsidiary Guarantors and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 7. Notices. All communications and notices hereunder shall be in writing and given as provided in the Guarantee Agreement and addressed as specified therein.

SECTION 8. Binding Agreement; Assignments. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. Except as contemplated herein or in the Credit Agreement, neither the Borrower nor any Subsidiary Guarantor may assign or transfer any of its rights or obligations hereunder (and any such attempted assignment or transfer shall be void) without the prior written consent of each Lender. Notwithstanding the foregoing, at the time any Subsidiary Guarantor is released from its obligations under the Guarantee Agreement in accordance with the Guarantee Agreement and the Credit Agreement, such Subsidiary Guarantor will cease to have any rights or obligations under this Agreement.

SECTION 9. Survival of Agreement; Severability. (a) All covenants and agreements made by the Borrower and each Subsidiary Guarantor herein shall be considered to have been relied upon by the Administrative Agent, the Lenders and each Subsidiary Guarantor and shall survive the making by the Lenders of the Loans and shall continue in full force and effect as long as the principal of or any accrued interest on any Loans or any other fee or amount payable under the Credit Agreement or this Agreement or under any of the other Loan

Documents is outstanding and unpaid and as long as the Commitments have not been terminated.

(b) In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall be effective with respect to any Subsidiary Guarantor when a counterpart bearing the signature of such Subsidiary Guarantor shall have been delivered to the Administrative Agent. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 11. Additional Guarantors. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary Loan Party that was not in existence on the date of the Credit Agreement or that becomes a Subsidiary Loan Party after such date is required to enter into the Guarantee Agreement as a Subsidiary Guarantor. Upon execution and delivery after the date hereof by the Administrative Agent and such Subsidiary of an instrument in the form of Annex 1 hereto, such Subsidiary shall become a Subsidiary Guarantor hereunder with effect from and after the date of such execution and delivery. The execution and delivery of any such instrument shall not require the consent of any other Subsidiary Guarantor hereunder. The rights and obligations of each

Subsidiary Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

SECTION 12. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first appearing above.

GARTNER GROUP, INC.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: CFO & VP

COMPUTER AND COMMUNICATION
INFORMATION SERVICES, INC.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

DATAQUEST INCORPORATED,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

DATAQUEST(KOREA)INC.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

DECISION DRIVERS, INC,

by /s/ Cathy S. Satz

Name: Cathy S. Satz
Title: Secretary

GARTNER ENTERPRISES LTD.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

GARTNER GROUP LEARNING INC.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

G.G. GLOBAL HOLDINGS,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

G.G. INVESTMENT MANAGEMENT,
INC.,

by /s/ Andrea Tarbox

Name: Andrea Tarbox
Title: Treasurer

G.G. CREDIT INC.,

by /s/ Andrea Tarbox

Name: Andrea Tarbox
Title: Treasurer

G.G. WEST CORPORATION,

by /s/ Brian Callahan

Name: Brian Callahan
Title: President

GRIGGS-ANDERSON, INC.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

THE RESEARCH BOARD, INC.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

VISION EVENTS INTERNATIONAL,
INC.,

by /s/ Michael Fleisher

Name: Michael Fleisher
Title: Vice President

VUE ACQUISITION CORPORATION,

by /s/ Cathy S. Satz

Name: Cathy S. Satz
Title: Secretary

THE CHASE MANHATTAN BANK, as
Administrative Agent,

by /s/ Ronald Anastasio

Name: Ronald Anastasio
Title: Vice President

G.G. CANADA, INC.

by /s/ Cathy S. Satz

Name: Cathy S. Satz
Title: Secretary

INTECO CORPORATION,

by /s/ Cathy S. Satz

Name: Cathy S. Satz
Title: Secretary

SCHEDULE I
to the Indemnity Subrogation
and Contribution Agreement

Subsidiary Guarantors

Name

Address

Annex 1 to
the Indemnity, Subrogation and
Contribution Agreement
SUPPLEMENT NO. dated as of [],

to the Indemnity, Subrogation and Contribution Agreement dated as of July 16, 1999 (as the same may be amended, supplemented or otherwise modified from time to time, the "Indemnity, Subrogation and Contribution Agreement"), among GARTNER GROUP, INC., a Delaware corporation (the "Borrower"), each subsidiary of the Borrower listed on Schedule I thereto (the "Subsidiary Guarantors"), and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as administrative agent (the "Administrative Agent"), for the Lenders.

A. Reference is made to (a) the Credit Agreement dated as of July 16, 1999 (as amended from time to time, the "Credit Agreement"), among the Borrower, the lenders from time to time party thereto (the "Lenders"), and Chase, as Administrative Agent, and (b) the Guarantee Agreement dated as of July 16, 1999, among the Subsidiary Guarantors and the Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement").

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indemnity, Subrogation and Contribution Agreement and the Credit Agreement.

C. The Borrower and the Subsidiary Guarantors have entered into the Indemnity, Subrogation and Contribution Agreement in order to induce the Lenders to make Loans. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary Loan Party that was not in existence on the date of the Credit Agreement or that becomes a Subsidiary Loan Party after such date is required to enter into the Guarantee Agreement as a Subsidiary Guarantor. Section 11 of the Indemnity, Subrogation and Contribution Agreement provides that such additional Subsidiaries of the Borrower shall become Subsidiary Guarantors under the Indemnity, Subrogation and Contribution Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Indemnity, Subrogation and Contribution Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made.

Accordingly, the Administrative Agent and the New Guarantor agree as follows:

SECTION 1. In accordance with Section 11 of the Indemnity, Subrogation and Contribution Agreement, the New Guarantor by its signature below becomes a Subsidiary Guarantor under the Indemnity, Subrogation and Contribution Agreement with effect from and after the date of execution and delivery of this Agreement in accordance with Section 3 hereof, and the New Guarantor hereby agrees to, and assumes and agrees to be bound by, all the terms and provisions of the Indemnity, Subrogation and Contribution Agreement applicable to it as a Subsidiary Guarantor thereunder. Each reference to a "Subsidiary Guarantor" in the Indemnity, Subrogation and Contribution Agreement shall be deemed to include the New Guarantor. The Indemnity, Subrogation and Contribution Agreement is hereby incorporated herein by reference.

SECTION 2. The New Guarantor represents and warrants to the Administrative Agent and the Lenders that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Indemnity, Subrogation and Contribution Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, neither party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or

unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Indemnity, Subrogation and Contribution Agreement shall not in any way be affected or impaired. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 7 of the Indemnity, Subrogation and Contribution Agreement. All communications and notices hereunder to the New Guarantor shall be given to it at the address set forth under its signature.

SECTION 8. The New Guarantor agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Guarantor and the Administrative Agent have duly executed this Supplement to the Indemnity, Subrogation and Contribution Agreement as of the day and year first above written.

[Name Of New Guarantor],

by _____
Name:
Title:
Address:

THE CHASE MANHATTAN BANK,
as Administrative Agent,

by _____
Name:
Title:

SILVER LAKE PARTNERS, L.P.
320 PARK AVENUE
NEW YORK, NY 10022

September 6, 2001

Gartner, Inc.
56 Top Gallant Road
Stamford, CT 06904
Attention: Michael Fleisher

Re: 6.0% Convertible Junior Subordinated Promissory Notes dated April 2000

Dear Michael:

This letter agreement, upon your execution and return, will be binding upon Silver Lake Partners, L.P. and its affiliated entities Silver Lake Investors L.P. and Silver Lake Technology Investors, L.L.C. (Silver Lake Partners, L.P. and its affiliates being collectively referred to as "SLP") and Gartner, Inc. ("Gartner") in respect of revisions (the "Note Revisions") to SLP's investment in the outstanding 6.0% convertible subordinated notes due 2005 (the "Notes") of Gartner purchased by SLP on April 17, 2000. The Note Revisions will include the amendment of (i) the definitive Notes issued by Gartner to SLP, and the other applicable definitive agreements between the parties relating to the issuance of the Notes and (ii) the Securityholders Agreement, dated as of April 17, 2000 (the "Securityholders Agreement"), among Gartner and the SLP affiliated entities that are parties thereto. The terms and conditions of the Note Revisions are set forth below (and capitalized terms that are defined in the Notes and Securityholders Agreement are used herein with their defined meanings).

1. Binding Agreement. This letter agreement constitutes a binding agreement between the parties, to the extent expressly set forth herein, with the amendments and other modifications provided for hereunder by the Note Revisions taking effect, without any further action required, immediately upon the execution and delivery of this letter agreement by the parties hereto. Promptly following the execution and delivery of this letter agreement, the parties agree to prepare in good faith restatements of the applicable original Notes documentation reflecting the terms and conditions contained in this letter agreement, provided that the parties agree to be bound by the terms and conditions contained herein until such time (if any) as such restatements of the Notes documentation have been entered into for the Note Revisions. With the exception of the terms and conditions contained in this letter agreement, all other terms, conditions, representations, warranties, covenants and other provisions contained in the Notes documentation executed in connection with the purchase of the Notes by SLP shall remain in full force and effect and shall not be otherwise affected hereby.

2 . Note Revisions Terms.

(a) Refinancing Right. The parties agree that Gartner's Refinancing Right under the Notes has terminated.

(b) SLP Claimed Causes of Action. SLP will, and hereby does, waive and release Gartner from all potential claims alleged by SLP or which may be alleged by SLP against Gartner, including (without limitation) 10b-5, 10b-6, fraud, misrepresentation, breach of covenant, breach of fiduciary duty and similar claims relating to the acquisition of the Notes, the conduct by Gartner of the relationship with SLP to date and the pricing of the First Anniversary Reset. SLP expressly waives its rights under any statutory provision stating that a general release of claims is not binding as to any claims of which the releasor is not aware.

(c) Conversion upon Change in Control. (i) The parties agree that (A) subject to Section 2(c)(iii) below, in the event of a change in control of Gartner in which its public stockholders receive cash or other consideration from a third party (a "Change in Control") at a price per share greater than or equal to \$15.00 (subject to appropriate adjustment for stock splits and the like), the Notes will automatically convert into Gartner Common Stock (and will be entitled to receive the same consideration per share paid to holders of Gartner Common Stock in the Change in Control), and (B) in the event of a Change in Control at a lower price per share (or in the circumstances set forth in Section 2(c)(iii) below), SLP will have the right but not the obligation, at its election, to convert the Notes into Gartner Common Stock (and will be entitled to receive the same consideration per share paid to holders of Gartner Common Stock in the Change in Control).

(ii) The parties also agree and acknowledge that upon a Change in Control in which the Notes convert, (A) the rights and obligations of the parties under Articles 2, 3 and 5 of the Securityholders Agreement will terminate upon the consummation of such Change in Control, and (B) SLP will be entitled (upon its request therefor) to be designated as a "selling stockholder" in any registration statement filed by or on behalf of the acquiring entity for the registration of the securities being issued to Gartner's stockholders in such Change in Control, with SLP being entitled to immediately sell all such securities that it receives in such transaction (SLP's "Resale Registration Rights"), provided that SLP shall not be permitted to exercise its Resale Registration Rights if the proposed Change of Control is a tax-free exchange for Gartner shareholders and such exercise would be the sole cause of that tax-free Change in Control transaction becoming a taxable transaction (such transaction, an "Impaired Tax-Free Change in Control Transaction"); and provided further that, for the avoidance of doubt, following an Impaired Tax-Free Change in Control Transaction, nothing contained herein will in any way otherwise limit SLP's right to transfer the securities SLP receives in such transaction pursuant to non-registered sales (including Rule 144 sales) or pursuant to SLP's existing registration rights under Article 4 of the Securityholders Agreement. In connection with any registration pursuant to the Resale Registration Rights, Gartner and any acquiring entity will (x) keep the registration statement effective for a period of at least 180 days (or such longer period as SLP may reasonably request), subject to the ability of the issuer to toll the ability of SLP to sell the securities that it receives in such transaction for up to two periods of up to 45 days each (with at least 45 days transpiring between the issuer's two tolling periods and which periods may not in any event be exercised for a 45-day period following the closing of the Change in Control transaction) upon notice to SLP, in the event that the Board of Directors of the issuer determines that it would be materially detrimental to the issuer for SLP to effect sales during such period, in which case the effectiveness of the registration statement will be extended to the extent of the tolled period, (y) take all actions that are customarily required to be taken by registrants in such registered offerings and (z) pay all expenses related to such registration (other than commissions to be paid by SLP as selling stockholders in respect of their securities).

(iii) The parties further agree that if, in connection with an Impaired Tax-Free Change in Control Transaction in which Gartner's public stockholders receive cash or other consideration at a price per share greater than or equal to \$15.00 (subject to appropriate adjustment for stock splits and the like), then following the parties' good faith efforts to implement reasonable changes to the proposed transaction structure to achieve a tax-free exchange, the Notes will not automatically convert and the transaction will be treated for all purposes hereunder as a Change in Control at a price below \$15.00 per share. SLP agrees that in the event of an Impaired Tax-Free Change in Control Transaction at a price per share greater than or equal to \$15.00 (subject to appropriate adjustment for stock splits and the like), in connection with which SLP elects to convert the Notes into Gartner Common Stock (or otherwise enters into an arrangement to receive consideration from such Impaired Tax-Free Change in Control Transaction), SLP will not be entitled, without the consent of Gartner, to receive consideration directly or indirectly from the acquiring entity that is greater in value (per share of Gartner Common Stock underlying the Notes) or different in form than the per share consideration offered in such transaction to the public stockholders of Gartner.

(d) Continuing Rights Following a Change in Control. The parties agree and acknowledge that, upon any Change in Control, SLP will retain its right to redemption under Section 5 of the Notes and its registration rights under Article IV of the Securityholders Agreement, and (if applicable) any acquiring entity will assume and honor SLP's existing registration rights, which rights will thereafter be exercisable by SLP in respect of the securities received by SLP from the acquiring entity in such Change in Control.

(e) TechRepublic. SLP hereby waives any right to acquire an equity interest in TechRepublic, and agrees that CNET, Inc. may rely upon such waiver in connection with its recent acquisition of TechRepublic.

(f) Capital Changes. Gartner contemplates a capital change involving the combination of the currently outstanding Class A and Class B Common Stock into one class. The parties will work together to determine any appropriate revisions to existing SLP equity ownership thresholds that, following any such recapitalization, will continue to trigger SLP's various rights under the Purchase Agreement, the Notes and the Securityholders Agreement, in light of the recapitalization and SLP's current higher ownership interest in Gartner.

3 . Share Repurchases. Pursuant to Section 2.3(ix)(B) of the Securityholders Agreement, SLP hereby consents to (a) the share repurchase program authorized by the Board of Directors of Gartner at a meeting held on July 17, 2001, provided, however, that such repurchase (i) is limited to the repurchase by Gartner of shares of its outstanding Class A Common Stock and Class B Common Stock, (ii) is in an aggregate amount not to exceed \$75.0 million, subject to any reduction as a result of the IMS Repurchase required pursuant to clause (b) below, (iii) occurs prior to July 17, 2003, (iv) is consummated in open market transactions (and not pursuant to an issuer tender offer) and (v) is at prevailing market prices (the "July 17 Repurchase Program"), and (b) the share repurchase authorized by the Board of Directors at a meeting held on August 7, 2001, provided, however, that such repurchase (i) is limited to the repurchase by Gartner of up to 2.0 million shares of its outstanding Class A Common Stock from IMS Health, (ii) is in a transaction that is conditioned upon, and subject to, the consummation of the sale by IMS Health of its approximately 5.0 million additional shares of Class A Common Stock (excluding shares to be repurchased by Gartner) to certain buyers (other than Gartner) and (iii) reduces the maximum \$75.0 million amount of the July 17 Repurchase Program concomitant with the dollar amount equal to aggregate amount to be paid by Gartner in its purchase of such

shares from IMS Health (such repurchase, the "IMS Repurchase"). The foregoing consent of SLP shall not apply to any share repurchase program or share repurchases (or modification of the July 17 Program or the IMS Repurchase) of or by Gartner that are not effected as part of the July 17 Program or the IMS Repurchase and in accordance with the foregoing terms (or, in the case of clauses (a)(iii) and (a)(iv) above, substantially consistent with the terms thereof).

4. Miscellaneous Provisions.

(a) Confidentiality. Except as may be required by law or applicable exchange regulations, each of the parties agrees (i) to keep confidential and not disclose any information with respect to the Note Revisions to any other person, other than such party's advisers and representatives who need to receive such information for purposes of actively participating in the Note Revisions and who have been informed of the confidentiality provisions herein, and (ii) to consult with each other prior to issuing any press or news release relating to the Note Revisions or otherwise making any public statements with respect thereto.

(b) Governing Law. This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(c) Expenses. Upon request by SLP, Gartner will reimburse all of SLP's reasonable out-of-pocket expenses related to the Note Revisions, including the reasonable fees and expenses of attorneys employed by them in connection with the Note Revisions, subject to a cap of \$150,000.

(d) Successors and Assigns. This letter agreement shall be binding upon and shall inure to the benefit of the parties hereto, their affiliates and their respective predecessors, successors, heirs, administrators and assigns, and each of them. In connection with any Gartner Change in Control transaction, Gartner hereby agrees that it shall undertake to cause the applicable acquiring entity to comply with the terms and conditions set forth herein, subject to any exceptions expressly contained herein.

(e) Counterparts. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

Please indicate your binding agreement to the terms and conditions of this letter agreement by executing this letter agreement in the space provided below.

Very truly yours,

SILVER LAKE PARTNERS, L.P.

By: Silver Lake Technology Associates, L.L.C.,
its general partner

By: /s/ Glenn H. Hutchins

Name: Glenn H. Hutchins
Title: Managing Member

Accepted and agreed to
as of the date first written above:

GARTNER, INC.

By: _____
Name:
Title

ADDENDUM NO. 1 TO EMPLOYMENT AGREEMENT

This Addendum No. 1 (the "Addendum") is entered into as of February 1, 2001, between Robert E. Knapp, an individual ("Executive") and Gartner, Inc. (formerly known as Gartner Group, Inc.), a Delaware corporation (the "Company").

RECITALS

A. Executive and the Company are parties to an Employment Agreement dated as of August 7, 2000 (the "Employment Agreement"), which provides for Executive to serve as Chief Marketing Officer for the Company through September 30, 2003.

B. The Company and Executive desire to modify some of the terms of the Employment Agreement as set forth herein in accordance with corporate guidelines governing members of the executive leadership team of the Company as authorized by the Board of Directors of the Company.

AGREEMENT

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

1. Amendments. (a) Section 6(b) of the Employment Agreement is deleted in its entirety and is replaced with the following:

- (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, 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 Date, (vi) (A) for three 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.

(b) Section 6(c)(i) of the Employment Agreement is deleted and the following is substituted therefor:

(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, 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 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 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.

(c) Section 6(d) of the Employment Agreement is deleted in its entirety and the following is substituted therefore:

(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 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) 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.

2. No Other Modifications. Except as set forth herein, all of the other provisions of the Employment Agreement shall remain in full force and effect. Any capitalized terms not defined in this Agreement shall have the definitions ascribed in the Employment Agreement.

3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Connecticut.

The undersigned have executed this Amendment as of February 1, 2001.

GARTNER, INC.

BY /s/ [ILLEGIBLE]

Its

/s/ ROBERT E. KNAPP

ROBERT E. KNAPP

SUBSIDIARIES OF REGISTRANT

EXHIBIT 21.1

SUBSIDIARIES OF REGISTRANT	STATE/COUNTRY OF INCORPORATION
AIMS Management Consultants Private Ltd.	India
Computer & Communications Information Group, Inc. (dba Datapro Information Services)	New Jersey
Computer Consultancy Group, Limited	United Kingdom
Computer Consultancy Group (Management), Limited	United Kingdom
Computer Financial Consultants, Inc.	Delaware
Computer Financial Consultants, Limited	United Kingdom
Dataquest Australia Pty. Ltd.	Australia
Dataquest, Incorporated	California
Decision Drivers, Inc.	Delaware
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 Australasia Pty Ltd.	Australia
Gartner (Cambridge) Holdings, Inc.	Delaware
Gartner Danmark ApS	Denmark
Gartner Deutschland, GmbH	Germany
Gartner do Brasil, S/C Ltda.	Brazil
Gartner Enterprises, Ltd.	Delaware
Gartner Europe Holdings, B.V.	The Netherlands
Gartner Financial Services Company	Ireland
Gartner France S.A.R.L.	France
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 Canada Co.	Nova Scotia
Gartner Group Chile, S.A.	Chile
Gartner Group FSC, Inc.	Barbados
Gartner Group Hong Kong, Ltd.	Hong Kong
Gartner Group Learning, Inc.	Minnesota
Gartner Group Research (Thailand) Ltd.	Thailand
Gartner Group Taiwan Ltd.	Taiwan
Gartner Holdings Ireland, Limited	Ireland
Gartner Investments I, LLC	Delaware
Gartner Investments II, LLC	Delaware
Gartner Ireland, Limited	Ireland
Gartner Italia, S.r.L.	Italy
Gartner (Korea), Inc.	Delaware
Gartner Japan Ltd.	Japan
Gartner Mexico S. DE R.L.DE C.V.	Mexico
Gartner Nederland B.V.	The Netherlands

Gartner Norge A/S	Norway
Gartner Sverige AB	Sweden
Gartner Switzerland AG	Switzerland
Gartner UK Ltd.	United Kingdom
Griggs-Anderson, Inc.	Delaware
National Institute for Management Technology Limited	Ireland
People3, Inc.	Delaware
SI Venture Associates, L.L.C.	Delaware
SI Venture Fund II, LP	Delaware
The IT Management Programme Limited	United Kingdom
The Research Board, Inc.	Delaware
The Warner Group	California
Vision Events International, Inc.	Delaware
Wentworth Research Limited	United Kingdom

INDEPENDENT AUDITORS' CONSENT

The Board of Directors and Stockholders
Gartner, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-76711) on Form S-3 and 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, Inc. of our report dated October 29, 2001, with respect to the consolidated balance sheets of Gartner, Inc. and subsidiaries as of September 30, 2001 and 2000, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the years in the three-year period ended September 30, 2001, and the related consolidated financial statement schedule, which reports appear in the September 30, 2001 Annual Report on Form 10-K of Gartner, Inc.

/s/ KPMG LLP

New York, New York
December 28, 2002