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

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE QUARTER ENDED DECEMBER 31, 1996

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-015144

GARTNER GROUP, 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) 964-0096

Indicate by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO .

The number of shares outstanding of the Registrant's capital stock as of December 31, 1996 was 92,158,884 shares of Common Stock, Class A and 1,600,000 shares of Common Stock, Class B.

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PART I FINANCIAL INFORMATION

Item 1 Financial Statements

GARTNER GROUP, INC.

Consolidated Balance Sheets

(In thousands, except share data)

	December 31, 1996	September 30, 1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 123,697	$ 96,755
Marketable securities	22,276	30,054
Fees receivable, net	141,708	143,762
Deferred commissions	15,237	17,539
Prepaid expenses and other current assets	22,986	22,040
Total current assets	325,904	310,150
Long-term marketable securities	1,041	3,047
Property and equipment, net	33,684	32,818
Goodwill, net	91,771	93,144
Other assets	6,535	4,949
Total assets	$ 458,935	$ 444,108
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 75,395	$ 60,527
Commissions payable	7,240	15,148
Accrued bonuses payable	7,080	16,781
Deferred revenues	183,901	198,952
Total current liabilities	273,616	291,408
Deferred revenues	2,871	2,465
Commitments		
Stockholders' equity:		
Preferred stock	--	--
Common stock: $.0005 par value	52	52
Additional paid-in capital	147,524	134,711
Cumulative translation adjustment	(2,607)	(2,965)
Accumulated earnings	51,050	32,008
	196,019	163,806
Less: Treasury stock, at cost	(13,571)	(13,571)
Total stockholders' equity	182,448	150,235
Total liabilities and stockholders' equity	$ 458,935	$ 444,108

See accompanying notes.

GARTNER GROUP, INC.

Consolidated Statements of Operations

(In thousands, except per share data)

	For the three months ended December 31, 1996	For the three months ended December 31, 1995
Revenues:		
Research, advisory and benchmarking services	$ 92,090	$ 72,006
Other, principally conferences, consulting and training	33,277	24,468
Total revenues	125,367	96,474
Costs and expenses:		
Cost of services and product development	50,523	37,078
Selling, general and administrative	39,234	35,387
Acquisition-related charges	--	1,665
Depreciation	2,595	2,237
Amortization of intangibles	1,496	772
Total costs and expenses	93,848	77,139
Operating income	31,519	19,335
Interest income, net	1,316	802
Income before minority interest and income taxes	32,835	20,137
Minority interest	--	(25)
Income before income taxes	32,835	20,162
Provision for income taxes	13,793	8,669
Net income	$ 19,042	$ 11,493
Net income per common share	$ 0.19	$ 0.12
Weighted average shares outstanding	101,951	97,492

See accompanying notes.

GARTNER GROUP, INC.

Condensed Consolidated Statements of Cash Flows
(In thousands)

	For the three months ended December 31, 1996	1995
Operating activities:		
Cash provided by operating activities	$ 9,161	$ 3,805
Investing activities:		
Payment for net assets of subsidiaries acquired (excluding cash)	--	(18,303)
Additions of property and equipment, net	(2,921)	(2,617)
Net proceeds from sale of marketable securities	9,784	1,202
Other investing	(1,704)	--
Cash provided by (used for) investing activities	5,159	(19,718)
Financing activities:		
Principal payments on long-term debt and capital lease obligations	--	(4,450)
Issuance of common stock and warrants	5,174	1,097
Net changes in Dataquest subsidiary balances due to D&B	--	(1,687)
Tax benefits of stock transactions with employees	7,639	3,400
Cash provided by (used for) financing activities	12,813	(1,640)
Net increase (decrease) in cash and cash equivalents	27,133	(17,553)
Effects of foreign exchange rates on cash and cash equivalents	(191)	(40)
Cash and cash equivalents, beginning of period	96,755	66,581
Cash and cash equivalents, end of period	$ 123,697	$ 48,988

See accompanying notes.

GARTNER GROUP, INC.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Interim Consolidated Financial Statements

These interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and should be read in conjunction with the consolidated financial statements and related notes of Gartner Group, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 1996. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented have been included. The results of operations for the first quarter ended December 31, 1996 may not be indicative of the results of operations for the remaining quarters in fiscal 1997.

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion and analysis below contains trend analysis and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors set forth below under "Quarterly Operating Income Trends," "Other Factors that may Affect Future Performance" and elsewhere in this report.

RESULTS OF OPERATIONS

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

	For the three months ended December 31, 1996	1995
Revenues:		
Research, advisory and benchmarking services	73.5%	74.6%
Other	26.5	25.4
Total revenues	100.0	100.0
Costs and expenses:		
Cost of services and product development	40.3	38.4
Selling, general and administrative	31.3	36.7
Acquisition-related charges	--	1.8
Depreciation	2.1	2.3
Amortization of intangibles	1.2	0.8
Total costs and expenses	74.9	80.0
Operating income	25.1	20.0
Interest income, net	1.1	0.9
Income before minority interest and income taxes	26.2	20.9
Minority interest	--	--
Income before income taxes	26.2	20.9
Provision for income taxes	11.0	9.0
Net income	15.2%	11.9%

TOTAL REVENUES increased 30% to $125.4 million for the first quarter of fiscal 1997 from $96.5 million for the first quarter of fiscal 1996. Revenues from research, advisory and benchmarking services ("RABS") increased by 28% to $92.1 million from $72.0 million for the first quarter of fiscal 1996. RABS revenues comprised approximately 73.5% and 74.6% of total revenues for the first quarter of fiscal 1997 and 1996, respectively. RABS encompass 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 information technology operations of organizations. The Company enters into annually renewable contracts for RABS. Revenues from RABS are recognized as products and services are delivered, and as the Company's obligation to the client is completed over the contract period. The increase in revenues from RABS reflects primarily strong market acceptance of new services introduced in fiscal 1996, volume increases as a result of increased geographic and client penetration, offset partially by a volume pricing strategy that provides more value for the same dollars each year and through the expansion of electronic distribution within client companies.

Contract value increased 25% to $380.0 million at December 31, 1996 versus $305.0 million at December 31, 1995. The Company believes that contract value, which is calculated as the annualized value of all RABS contracts in effect at a given point in time, without regard to the duration of the RABS contracts outstanding at such time, is a significant measure of the Company's volume of RABS business. Historically, the Company has experienced that a substantial portion of client companies have renewed contracts for an equal or higher level of total payments each year, and annual RABS revenues in any fiscal year have approximated contract value at the beginning of the fiscal year. As of December 31, 1996, 83% of the Company's clients had renewed one or more RABS services in the last twelve months. However, this renewal rate is not necessarily indicative of the rate of retention of the Company's RABS revenue base, and contract value at any time may not be indicative of future RABS revenues or cash flows if the rate of renewal of contracts, or the timing of new business were to significantly change during the following twelve months compared to historic patterns. Total deferred revenues of $186.8 million and $201.4 million at December 31, 1996 and September 30, 1996, respectively, as presented in the Company's consolidated balance sheets, represent unamortized revenues from RABS contracts plus unamortized revenues of certain other products and services not included in RABS. Deferred revenues do not directly correlate to contract value as of the same date, since contract value represents an annualized value of all outstanding RABS contracts without regard to the duration of such contracts, and deferred revenue represents unamortized revenue remaining on all outstanding contracts including RABS and certain other products and services not included in RABS.

Other revenues for the first quarter of fiscal 1997 increased 36% compared to the first quarter of fiscal 1996, to $33.3 million from $24.5 million. Other revenues consist principally of revenues recognized as earned from conferences, consulting engagements and sale of technology-based training products and publications. The increase of $8.8 million in the first quarter of fiscal 1997 over the first quarter of fiscal 1996 was primarily due to increased revenues from the Company's Symposia conferences and ITxpo exhibition events held annually during the first quarter of the fiscal year. Technology-based training products also contributed to the revenue growth in the first quarter of fiscal 1997 compared to first quarter of fiscal 1996 as a result of the acquisition of J3 Learning in July 1996.

OPERATING INCOME rose 63% to $31.5 million, or 25.1% of total revenues, for the first quarter of fiscal 1997, from $19.3 million or 20.0% of total revenues in the first quarter of fiscal 1996. Excluding acquisition-related charges of $1.7 million in the first fiscal quarter of 1996, operating income would have increased 50% from $21.0 million. Operating income has increased as revenues continue to grow due to the benefit the Company has gained from economies of scale and the leveraging of its resources (additional revenues have been generated using essentially the same resources). The Company's continued focus on margin improvement has favorably impacted operating results.

While costs and expenses increased to $93.9 million in the first quarter of fiscal 1997 from $77.1 million in the first quarter of fiscal 1996, such costs decreased to 74.9% of total revenues from 80.0% (78.2% excluding acquisition-related costs) in the first quarter of fiscal 1996. The increase in cost of services and product development expenses ($50.5 million and $37.1 million for the first quarter of fiscal

1997 and 1996, respectively) reflected primarily the need to provide additional support to the growing client base, including investment in strategic areas such as electronic and Internet distribution, costs associated with conferences, costs resulting from the Company's new client inquiry process (Quick Path) and product development costs (particularly for technology-based training products). As a result, cost of services and product development expenses, as a percentage of total revenues has increased approximately 2% from 38.4% for the first quarter of fiscal 1996 to 40.3% for the first quarter of fiscal 1997. The increase in selling, general and administrative expenses ($39.2 million and $35.4 million for the first quarter of fiscal 1997 and 1996, respectively) is due to the Company's continuing expansion of worldwide distribution channels and resulting commissions earned on the revenue generated. This is partially offset by elimination and/or reduction of redundant general and administrative expenses, including personnel reductions and facility rationalization relating to the acquisition of Dataquest, which had a favorable impact on general and administrative costs in the first quarter of fiscal 1997 compared to the first quarter of fiscal 1996. Consequently, selling, general and administrative expenses have decreased to 31.3% of total revenues for the first quarter of fiscal 1997, versus 36.7% of total revenues for the first quarter of fiscal 1996.

Acquisition-related charges of $1.7 million in the first quarter of fiscal 1996 for the acquisition of Dataquest were not recurring in the first quarter of fiscal 1997. Additionally, amortization of intangibles increased by $0.7 million in the first quarter of fiscal 1997 as compared to the first quarter of fiscal 1996, reflecting goodwill associated with fiscal 1996 acquisitions.

INTEREST INCOME, NET was $1.3 million for the first quarter of fiscal 1997, up from $0.8 million for the first quarter of fiscal 1996. This net increase resulted from interest income accumulating on the Company's cash, cash equivalents and marketable securities ($147.0 million at December 31, 1996, versus $76.6 million at December 31, 1995) and from reduced interest expense after debt related to fiscal 1993 and 1994 acquisitions was paid during fiscal 1996. Interest rates were not a significant factor in the increase in interest income earned in the first quarter of fiscal 1997 versus the first quarter of fiscal 1996.

PROVISION FOR INCOME TAXES increased by $5.1 million to $13.8 million in the first fiscal quarter of 1997, compared to the first quarter fiscal 1996. The effective tax rate for the first quarter of fiscal 1997 was 42%, a decrease from 43% in the first quarter of fiscal 1996. The decrease in the effective tax rate is due to the realization of certain tax-loss carryforwards on the increasingly profitable international operations plus on-going tax planning initiatives.

NET INCOME PER COMMON SHARE increased 58% to 19 cents per common share for the first quarter of fiscal 1997, as compared to 12 cents for the first quarter of fiscal 1996.

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

Historically, RABS revenues have increased significantly in the first quarter of the ensuing fiscal year over the immediately preceding quarter and other revenues have increased similarly due to the annual conference and exhibition events held in the first quarter. Additionally, operating income margin typically improves in the first quarter of the fiscal year versus the immediately preceding quarter. The reasons for the improvement in operating income margin for the first quarter of fiscal 1997 is discussed under the caption Operating Income. The Company does not expect the operating income improvement realized in the first quarter of fiscal 1997 to be as significant in the next three quarters of this fiscal year. Therefore, the operating income for the first quarter of fiscal 1997 may not be indicative of the quarterly operating income results for the remainder of fiscal 1997.

OTHER FACTORS THAT MAY AFFECT FUTURE PERFORMANCE. The Company's future operating results will depend upon the Company's ability to continue to compete successfully in the market for information products and services. The Company faces competition from a significant number of independent providers of similar services, as well as the internal marketing and planning organizations of the Company's clients. The Company also competes indirectly against other information providers, including electronic and print media companies and consulting firms. In addition, there are limited barriers to entry into the Company's market and additional new competitors could readily emerge. There can be no assurance that the Company will be able to continue to provide the products and services that meet client needs as the Information Technology ("IT") market rapidly evolves, or that the Company can otherwise continue to compete successfully. In this regard, the Company's ability to compete is largely dependent upon the quality of its staff of IT analysts. Competition for qualified analysts is intense. There can be no assurance that the Company will be able to hire additional qualified IT analysts as may be required to support the evolving needs of customers or any growth in the Company's business. Any failure to maintain a premier staff of IT analysts could adversely affect the quality of the Company's products and services, and therefore its future business and operating results. Additionally, there may be increased business risk as the Company expands product and service offerings to smaller domestic companies. The Company's operating results are also subject to risks inherent in international sales, including changes in market demand as a result of exchange rate fluctuations, tariffs and other barriers, challenges in staffing and managing foreign sales operations, and higher levels of taxation on foreign income than domestic income. Further expansion would require additional management attention and financial resources.

The Company has expanded its presence in the technology-based training industry with the acquisition of J3 Learning Corporation in July 1996. The success of the Company in the technology-based training industry will depend on its ability to compete with vendors of IT products and services which include a range of education and training specialists, hardware and system manufacturers, software vendors, system integrators, dealers, value-added resellers and network/communications vendors, certain of whom have significantly greater product breadth and market presence in the technology-based training sector. There can be no assurance that the Company will be able to provide products that compare favorably with new competitive products or that competitive pressures will not require the Company to reduce prices. Future success will also depend on the Company's ability to develop new training products that are released timely with the introductions of the underlying software products.

LIQUIDITY AND CAPITAL RESOURCES

The Company has primarily financed its operations to date through cash provided by operating activities. The combination of revenue growth and operating income margin improvements have contributed to positive cash provided by operating activities for the three months ended December 31, 1996. In addition, cash flow has been enhanced by the Company's continuing management of working capital requirements to support increased sales volumes from growth in the pre-existing businesses and growth due to acquisitions.

The Company's cash and cash equivalents balance at December 31, 1996 and September 30, 1996 was $123.7 million and $96.8 million, respectively, while the marketable securities balance (including both current and long-term maturities) decreased to $23.3 million at December 31, 1996 from $33.1 million at September 30, 1996. Cash provided by operating activities totaled $9.2 million for the first quarter of fiscal 1997 (compared with $3.8 million for the first quarter of fiscal 1996) reflecting primarily the impact of quarterly operating trends on the balance sheet accounts, particularly fees receivable, deferred revenues, deferred commissions, commissions payable and bonuses payable. Cash provided by investing activities was $5.2 million for the first quarter of fiscal 1997 (compared to $19.7 million use of cash for investing activities for the first quarter of fiscal 1996), and consisted primarily of cash provided by the net proceeds on the sale of marketable securities of $9.8 million, partially offset by cash used for the addition of property and equipment of $2.9 million and equity investments in companies of $1.7 million. Cash provided by financing activities totaled $12.8 million in the first quarter of fiscal 1997 (compared to a $1.6 million use of cash for financing activities for the first quarter of fiscal 1996), and resulted from $7.6 million in tax benefits of stock transactions with employees and $5.2 million from the issuance of common stock. The tax benefit of stock transactions with employees is due to a reduction in the corporate income tax liability based on an imputed compensation deduction equal to employees' gain upon the exercise of stock options at an exercise price below fair market value. As the market value of the Company's stock has increased, both the volume of exercises and gains on those exercises has increased, thereby resulting in significant tax benefits being realized in the current fiscal year.

The Company has available two unsecured credit lines with The Bank of New York and Chase Manhattan Bank for $5.0 million and $25.0 million, respectively. These lines may be cancelled by the banks at any time without prior notice or penalty. Additionally, the Company issues letters of credit in the ordinary course of business. The Company had outstanding letters of credit with Chase Manhattan Bank of $5.5 million and $2.0 million with The Bank of New York at December 31, 1996. The Company currently has no material capital commitments. The Company believes that its current cash balances and marketable securities, together with cash anticipated to be provided by operating activities and borrowings available under the existing lines of credit, will be sufficient for the expected short-term and foreseeable long-term cash needs of the Company, including possible acquisitions.

PART II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders was held on January 23, 1997. Holders of an aggregate of 92,018,087 shares of Class A Common Stock and 1,600,000 shares of Class B Common Stock at the close of business on December 13, 1996, were entitled to vote at the meeting. At such meeting, the stockholders elected the following persons to the Board of Directors by the following votes:

	Total Vote for Each Director	Total Vote Withheld from Each Director
Manuel A. Fernandez	83,852,442	57,239
William O. Grabe	83,867,813	41,868
John P. Imlay	83,867,980	41,701
Max D. Hopper	83,867,563	42,118
Stephen G. Pagliuca	83,852,591	57,090
Dennis G. Sisco	83,678,374	231,307

The stockholders approved the Company's 1996 Long Term Stock Option Plan by a vote of 70,564,381 for, 12,615,629 against, and 60,759 shares abstaining. The stockholders also ratified the appointment of KPMG Peat Marwick, LLP as independent auditors for the Company for the 1997 fiscal year. The vote was 83,659,501 for, 229,518 against and 20,662 shares abstained.

Item 6. Exhibits and Reports on Form 8-K

(a)

Exhibit Number	Description of Document
11.1	Computation of Net Income per Common Share
10.16	1996 Long Term Stock Option Plan
27.1	Financial Data Schedule

(b) No reports on Form 8-K were filed by the Registrant during the three months ended December 31, 1996.

Items 2, 3, and 5 are not applicable and have been omitted.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Gartner Group, Inc.

Date February 13, 1997

/s/ John F. Halligan

John F. Halligan
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

EXHIBIT 10.16

GARTNER GROUP, INC.

1996 LONG TERM STOCK OPTION PLAN

1. Purposes of the Plan. The purposes of this 1996 Long Term Stock Option Plan (the "Plan") are:

- to attract and retain quality personnel for positions of substantial responsibility,

- to create additional incentive for senior personnel of the Company by offering long term equity participation in the Company, and

- to promote the long-term success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant and subject to the applicable provisions of Section 422 of the Code and the regulations promulgated thereunder.

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

(a) "Administrator" means the Board or any of its Committees as shall administer the Plan in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal requirements relating to the administration of stock option plans under state corporate and securities laws and the Code.

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

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(f) "Common Stock" means the Common Stock, Class A of the Company.

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

(h) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services and who is compensated for such services. The term "Consultant" shall not include Directors who are paid only a director's fee by the Company or who are not compensated by the Company for their services as Directors.

(i) "Continuous Status as an Employee or Consultant" means that the employment or consulting relationship with the Company, any Parent, or Subsidiary, is not interrupted or terminated. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed 90 days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 91st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(j) "Director" means a member of the Board.

(k) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(l) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(n) "Fair Market Value" means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market of the National Association of Securities Dealers, Inc. Automated Quotation ("NASDAQ") System, the Fair Market Value of a share of Common Stock shall be the average of the closing sales prices for such stock (or the average of the closing bids, if no sales were reported) as quoted on such system or exchange (or the exchange with the greatest volume of trading in Common Stock) on the five market trading days immediately preceding the date of determination, as reported in The Wall Street Journal or such other source as the Administrator of the Plan deems reliable; provided, however, that in the event the Fair Market Value as so determined is more than 20% greater or more than 20% less than the closing sales price for such stock (or the closing bid, if no sales were reported) as so quoted on the date of determination, then the Administrator shall be entitled to determine the Fair Market Value in good faith, at a price within the range of prices from the Fair Market Value as otherwise determined above to the closing price (or closing bid, as applicable) on the date of determination;

(ii) If the Common Stock is quoted on the NASDAQ System (but not on the Nasdaq National Market thereof) or is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the average of the means between the high bid and low asked prices for the Common Stock on the five market trading days immediately preceding the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; provided, however, that in the event the Fair Market Value as so determined is more than 20% greater or more than 20% less than the mean between the high bid and low asked prices for such stock as so quoted on the date of determination, then the Administrator shall be entitled to determine the Fair Market Value in good faith, at a price within the range of prices from the Fair Market Value as otherwise determined above to the mean between the high bid and low asked prices on the date of determination;

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

(o) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(p) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(q) "Notice of Grant" means a written notice evidencing certain terms and conditions of an individual Option grant. The Notice of Grant is part of the Option Agreement.

(r) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

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

(t) "Option Agreement" means a written agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(u) "Option Exchange Program" means a program whereby outstanding options are surrendered in exchange for options with a lower exercise price.

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

(w) "Optionee" means an Employee or Consultant who holds an outstanding Option.

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

(y) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(z) "Senior Manager" means an Employee who is an executive officer, vice president, director-level employee or senior analyst of the Company, or such other Employee as the Administrator shall deem eligible to participate in the Plan.

(aa) "Share" means a share of Common Stock, as adjusted in accordance with Section 12 of the Plan.

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

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 1,800,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated); provided, however, that Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if unvested Shares are repurchased by the Company at their original purchase price, and the original purchaser of such Shares did not receive any benefits of ownership of such Shares, such Shares shall become available for future grant under the Plan. For purposes of the preceding sentence, voting rights shall not be considered a benefit of Share ownership.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to Directors, Officers who are not Directors, and Senior Managers who are neither Directors nor Officers.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Options granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(n) of the Plan;

(ii) to select the Senior Managers to whom Options may be granted hereunder;

(iii) to determine whether and to what extent Options are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Option granted

hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option shall have declined since the date the Option was granted;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to modify or amend each Option (subject to Section 14(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option previously granted by the Administrator;

(xii) to institute an Option Exchange Program;

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations shall be final and binding on all Optionees and any other holders of Options.

5. Eligibility. Options may be granted to Senior Managers. If otherwise eligible, a Senior Manager who has been granted an Option may be granted additional Options.

6. Limitations.

(a) Each Option shall be designated in the Notice of Grant as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value of Shares subject to an Optionee's Incentive Stock Options granted by the Company, any Parent or Subsidiary, which become exercisable for the first time during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Neither the Plan nor any Option shall confer upon an Optionee any right with respect to continuing the Optionee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

7. Term of Plan. Subject to Section 18 of the Plan, the Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the shareholders of the Company as described in Section 18 of the Plan. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 14 of the Plan.

8. Term of Option. The term of each Option shall be ten (10) years from the date of grant. However, in the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Notice of Grant. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or

any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Notice of Grant.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be determined by the Administrator. In the case of a Nonstatutory Stock Option intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a merger or other corporate transaction.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In so doing, the Administrator may specify that an Option may not be exercised until the completion of a service period.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note (on such terms and conditions as determined by the Administrator);

(iv) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) in the case of a "cashless exercise" during the trading window permitted by the Company's Insider Trading Policy, delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement.

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

An Option shall be deemed exercised when the Company receives: (i) written notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 12 of the Plan.

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

(b) Termination of Employment or Consulting Relationship.

(i) Upon termination of an Optionee's Continuous Status as an Employee or Consultant with the Company, such Optionee may exercise his or her Option to the extent that he or she was entitled to exercise it as of the date of such termination. Such exercise may occur only before the end of the period determined by the Administrator for exercise following termination. In the case of an Incentive Stock Option, such period shall not exceed three (3) months. In no event shall such period extend beyond the expiration date of the term of the Option as set forth in the Option Agreement.

(ii) An Optionee's change of status from Employee to Consultant shall not be treated as a termination of the Optionee's Continuous Status as an Employee or Consultant, and any Option held by the Optionee shall remain in effect, except as provided hereinbelow. Any Incentive Stock Option held by such Optionee shall automatically cease to be treated for tax purposes as an Incentive Stock Option and shall be treated as a Nonstatutory Stock Option on the ninety-first (91st) day following such change of status. Notwithstanding the above, within thirty (30) days after any such change of status, the Administrator may in its discretion determine that this Section 10(b)(ii) shall not apply to such change of status and that such change of status shall be treated as a termination of the Optionee's Continuous Status as an Employee or Consultant as provided in Section 10(b)(i).

(iii) To the extent that the Optionee is not entitled to exercise his or her Option at the date of such termination, or if the Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate.

(c) Disability of Optionee. Upon termination of an Optionee's Continuous Status as an Employee or Consultant as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months from the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), only to the extent that the Optionee was entitled to exercise it at the date of such termination. If, at the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. Upon the death of an Optionee, the Option may be exercised at any time within twelve (12) months following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, only to the extent that the Optionee was entitled to exercise the Option at the date of death. If, at the time of death, the Optionee was not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall immediately revert to the Plan. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

11. Transferability of Options. Options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

12. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Common Stock covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Optionee the right to exercise his or her Option as to all or any part of the Optioned Stock, including Shares as to which the Option would not otherwise be exercisable.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option may be assumed or an equivalent option may be substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. The Administrator may, in lieu of such assumption or substitution, provide for the Optionee to have the right to exercise the Option as to all or a portion of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If the Administrator makes an Option exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee that the Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option will terminate upon the expiration of such period. For the purposes of this paragraph, the Option shall be considered assumed if, following the merger or sale of assets, the option confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each Share of Optioned Stock subject to the Option, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

13. Date of Grant. The date of grant of an Option shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Section 422 of the Code (or any successor rule or statute or other applicable law, rule or regulation, including the requirements of any exchange or quotation system on which the Common Stock is listed or quoted). Such shareholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule or regulation.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

15. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, Applicable Laws, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

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

16. Liability of Company.

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

(b) Grants Exceeding Allotted Shares. If the Optioned Stock covered by an Option exceeds, as of the date of grant, the number of Shares which may be issued under the Plan without additional shareholder approval, such Option shall be void with respect to such excess Optioned Stock, unless shareholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained in accordance with Section 14(b) of the Plan.

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

18. Shareholder Approval. Continuance of the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under applicable federal and state law.

Exhibit 11.1

Gartner Group, Inc.
Computation of Income per Common Share
(In thousands, except per share amounts)

	For the three months ended, December 31, 1996	1995
Net income	$ 19,042	$11,493
Shares:		
Weighted average number of common shares outstanding	93,428	88,991
Weighted average number of common shares under warrant outstanding	316	103
Weighted average number of option shares outstanding	8,207	8,398
Weighted average number of common shares outstanding as adjusted	101,951	97,492
Net income per common share (1)	$ 0.19	$ 0.12

(1) Fully diluted income per common share has not been presented because the effects are not material.

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE ACCOMPANYING FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000
U.S. DOLLARS

3-MOS
SEP-30-1997
OCT-01-1996
DEC-31-1996
1
123,697
22,276
146,678
4,970
0
325,904
71,646
37,962
458,935
273,616
0
0
0
52
182,396
458,935
125,367
125,367
50,523
50,523
43,325
1,072
17
32,835
13,793
19,042
0
0
0
19,042
0.19
0.19