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

# Form 10-Q

**(Mark One)**

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the quarterly period ended June 30, 2005**

**OR**

o **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 1-14443**

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

| | |
|---|---|
| Delaware<br>(State or other jurisdiction of<br>incorporation or organization) | 04-3099750<br>(I.R.S. Employer<br>Identification Number) |
| 56 Top Gallant Road<br>P.O. Box 10212<br>Stamford, CT<br>(Address of principal executive offices) | 06902-7700<br>(Zip Code) |

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) YES ☑ NO o.

The number of shares outstanding of the Registrant's capital stock as of July 31, 2005 was 112,905,240 shares of Common Stock.

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## PART I FINANCIAL INFORMATION

### Item 1. Financial Statements

**GARTNER, INC.**

Condensed Consolidated Balance Sheets
(Unaudited, In thousands)

| | June 30, 2005 | December 31, 2004 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 70,480 | $ 160,126 |
| Fees receivable, net | 236,823 | 257,689 |
| Deferred commissions | 29,603 | 32,978 |
| Prepaid expenses and other current assets | 42,514 | 37,052 |
| Total current assets | 379,420 | 487,845 |
| Property, equipment and leasehold improvements, net | 58,741 | 63,495 |
| Goodwill | 412,753 | 231,759 |
| Intangible assets, net | 22,687 | 138 |
| Other assets | 76,444 | 77,957 |
| **Total Assets** | $ 950,045 | $ 861,194 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 210,325 | $ 181,502 |
| Deferred revenues | 318,775 | 307,696 |
| Current portion of long-term debt | 60,019 | 40,000 |
| Total current liabilities | 589,119 | 529,198 |
| Long-term debt | 190,051 | 150,000 |
| Other liabilities | 50,909 | 51,948 |
| **Total Liabilities** | 830,079 | 731,146 |
| **Stockholders' Equity** | | |
| Preferred stock | — | — |
| Common stock | 75 | 75 |
| Additional paid-in capital | 488,916 | 485,713 |
| Unearned compensation, net | (5,870) | (7,553) |
| Accumulated other comprehensive income, net | 7,689 | 12,722 |
| Accumulated earnings | 174,564 | 190,089 |
| Treasury stock, at cost | (545,408) | (550,998) |
| **Total Stockholders' Equity** | 119,966 | 130,048 |
| **Total Liabilities and Stockholders' Equity** | $ 950,045 | $ 861,194 |

See the accompanying notes to the condensed consolidated financial statements.

**GARTNER, INC.**

Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share data)

| | Three Months Ended June 30, 2005 | Three Months Ended June 30, 2004 | Six Months Ended June 30, 2005 | Six Months Ended June 30, 2004 |
|---|---|---|---|---|
| Revenues: | | | | |
| Research | $134,926 | $118,966 | $260,122 | $241,208 |
| Consulting | 79,092 | 67,609 | 143,102 | 132,235 |
| Events | 56,949 | 37,211 | 65,004 | 55,382 |
| Other | 3,602 | 4,071 | 6,165 | 7,699 |
| Total revenues | 274,569 | 227,857 | 474,393 | 436,524 |
| Costs and expenses: | | | | |
| Cost of services and product development | 140,517 | 114,386 | 235,795 | 209,862 |
| Selling, general and administrative | 102,727 | 81,588 | 194,273 | 169,222 |
| Depreciation | 6,423 | 6,844 | 12,502 | 14,781 |
| Amortization of intangibles | 3,370 | 190 | 3,398 | 387 |
| Goodwill impairments | — | — | — | 739 |
| META integration charges | 8,168 | — | 11,573 | — |
| Other charges | 8,226 | 9,063 | 22,500 | 19,576 |
| Total costs and expenses | 269,431 | 212,071 | 480,041 | 414,567 |
| Operating income (loss) | 5,138 | 15,786 | (5,648) | 21,957 |
| (Loss) gain from investments | (263) | 19 | (5,369) | 39 |
| Interest (expense) income, net | (3,318) | 370 | (4,663) | 615 |
| Other expense, net | (2,058) | (323) | (2,362) | (3,436) |
| (Loss) income before income taxes | (501) | 15,852 | (18,042) | 19,175 |
| Provision (benefit) for income taxes | 318 | 4,824 | (2,516) | 7,683 |
| Net (loss) income | $ (819) | $ 11,028 | $ (15,526) | $ 11,492 |
| | | | | |
| (Loss) income per common share: | | | | |
| Basic | $ (0.01) | $ 0.08 | $ (0.14) | $ 0.09 |
| Diluted | $ (0.01) | $ 0.08 | $ (0.14) | $ 0.09 |
| | | | | |
| Weighted average shares outstanding: | | | | |
| Basic | 111,880 | 132,129 | 111,602 | 131,183 |
| Diluted | 111,880 | 135,335 | 111,602 | 134,242 |

See the accompanying notes to the condensed consolidated financial statements.

**GARTNER, INC.**

Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

| | Six Months Ended June 30, 2005 | Six Months Ended June 30, 2004 |
|---|---|---|
| ***Operating activities:*** | | |
| Net (loss) income | $ (15,526) | $ 11,492 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation and amortization of intangibles | 15,900 | 15,168 |
| Non-cash compensation | 477 | 1,198 |
| Tax benefit associated with employees' exercise of stock options | 474 | 4,377 |
| Deferred taxes | (5,437) | 408 |
| Loss (gain) from investments | 5,369 | (39) |
| Amortization and writeoff of debt issue costs | 1,029 | 602 |
| Goodwill impairments | — | 739 |
| Non-cash charges associated with impairment of long-lived assets | — | 2,943 |
| Changes in assets and liabilities, excluding effect of acquisition and sale of business: | | |
| Fees receivable, net | 43,516 | 50,141 |
| Deferred commissions | 3,369 | 1,896 |
| Prepaid expenses and other current assets | (1,113) | 523 |
| Other assets | 3,028 | 366 |
| Deferred revenues | (16,138) | (17,720) |
| Accounts payable and accrued liabilities | (20,977) | (30,787) |
| ***Cash provided by operating activities*** | 13,971 | 41,307 |
| ***Investing activities:*** | | |
| Additions to property, equipment and leasehold improvements | (7,273) | (9,197) |
| Acquisition of META (net of cash acquired) | (159,751) | — |
| Other investing activities, net | (114) | — |
| ***Cash used in investing activities*** | (167,138) | (9,197) |
| ***Financing activities:*** | | |
| Proceeds from stock issued for stock plans | 9,524 | 37,852 |
| Proceeds from debt issuance | 327,000 | — |
| Payments for debt issuance costs | (1,082) | — |
| Payments on debt | (267,883) | — |
| Purchases of treasury stock | — | (6,113) |
| ***Cash provided by financing activities*** | 67,559 | 31,739 |
| **Net (decrease) increase in cash and cash equivalents** | (85,608) | 63,849 |
| **Effects of exchange rates on cash and cash equivalents** | (4,038) | (2,814) |
| **Cash and cash equivalents, beginning of period** | 160,126 | 229,962 |
| **Cash and cash equivalents, end of period** | $ 70,480 | $290,997 |

Supplemental disclosures of non-cash investing and financing activities:

Acquisition of META:

| | |
|---|---|
| Fair value of assets acquired | $ 271,261 |
| Cash paid as of June 30, 2005 | (174,895) |
| Liabilities assumed | $ 96,366 |

See the accompanying notes to the condensed consolidated financial statements.

**GARTNER, INC.**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 – Basis of Presentation

These interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") 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, Inc. ("Gartner", or "the Company") filed in its Annual Report on Form 10-K for the year ended December 31, 2004. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of operating revenues and expenses. These estimates are based on management's knowledge and judgments. 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 three and six months ended June 30, 2005 may not be indicative of the results of operations for the remainder of 2005. Certain prior year amounts have been reclassified to conform to the current year presentation. The results of operations of META Group, Inc. ("META") are included in the consolidated financial statements beginning on April 1, 2005, the date of acquisition.

Note 2 – Acquisition of META

On April 1, 2005, the Company completed the acquisition of META for a purchase price of approximately $168.3 million, excluding transaction costs of approximately $8.1 million. Pursuant to the Agreement and Plan of Merger, each share of META common stock outstanding at the effective time of the merger was converted into the right to receive $10.00 in cash. The Company funded the purchase of META with $67.0 million borrowed under its revolving credit facility and existing cash.

META was an information technology and research firm. This acquisition is intended to accelerate revenue growth in Gartner's core research business by increasing sales coverage through the addition of sales people from META with knowledge of the marketplace and existing client relationships, increasing the Company's presence in targeted international markets and providing greater coverage in several key industries. The acquisition is also intended to achieve cost synergies in general and administrative expenses.

The acquisition was accounted for as a purchase business combination. The consolidated financial statements include the results of META from the date of acquisition. The purchase price was allocated to the net assets and liabilities acquired based on their estimated fair values as of the acquisition date, based on a third party valuation. Any excess of the purchase price over the estimated fair value of the net assets acquired, including identifiable intangible assets, was allocated to goodwill. A final determination of the purchase price allocation will be made within one year of the acquisition date for changes in estimates, including the completion of integration plans.

The following table represents the preliminary allocation of the purchase price to assets acquired and liabilities assumed at the acquisition date (dollars in thousands):

| | |
|---|---|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | $ 15,144 |
| Fees receivable, net | 31,877 |
| Prepaid expenses and other current assets | 1,758 |
| Total current assets | 48,779 |
| Property, equipment, and leasehold improvements, net | 1,331 |
| Goodwill | 194,065 |
| Intangible assets: | |
| Content | 14,400 |
| Customer relationships | 7,700 |
| Databases | 3,500 |
| Total intangible assets | 25,600 |
| Other assets | 1,486 |
| Total assets | $271,261 |

| | |
|---|---|
| Liabilities | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | $ 57,546 |
| Deferred revenues | 37,728 |
| Notes payable | 958 |
| Total current liabilities | 96,232 |
| Other liabilities | 134 |
| Total liabilities | $ 96,366 |

At June 30, 2005, $159.8 million, $21.5 million, and $6.1 million of goodwill was recorded in the Research, Consulting, and Events segments, respectively, as a result of the META acquisition. In the second quarter of 2005, goodwill decreased approximately $6.7 million primarily as a result of adjustments to deferred taxes and from additional liabilities recorded in purchase accounting, as disclosed in the table that follows. Of the total $187.4 million of goodwill related to META at June 30, 2005, none is expected to be deductible for income tax purposes. Intangible assets are amortized on a straight-line basis over their estimated remaining lives. Customer relationships are amortized over five years. Content represents research that is part of the intellectual property of META and is amortized over 18 months. META databases are used to generate consulting services for specific customers and are amortized over 18 months.

The preliminary purchase price allocation includes an estimate of the fair value of the cost to fulfill the deferred revenue obligation assumed from META. The estimated fair value of the deferred revenue obligation was determined by estimating the costs to provide the services plus a normal profit margin, but did not include any costs associated with selling efforts. As a result, in allocating the purchase price, the Company recorded an adjustment to reduce the carrying value of META's March 31, 2005 deferred revenue by approximately $10.0 million.

In connection with the META acquisition, the Company commenced integration activities that resulted in the recording of a liability in purchase accounting under Emerging Issues Task Force Issue 95-3, "Recognition of Liabilities in Connection with a Purchase Combination", for involuntary terminations and lease and contract terminations. The liability for involuntary termination benefits covers 276 employees and through June 30, 2005, approximately 193 of these employees have been terminated. The Company expects to pay the majority of the remaining balance for involuntary termination benefits by December 31, 2005. The liabilities for lease and contract terminations and exit costs will be paid over the remaining contract periods through 2012.

The following table summarizes the obligations recorded and activity to date (dollars in thousands):

| | Opening Balance April 1, 2005 | Accruals (1) | Adjustments (2) | Payments | Currency Translation Adjustments | Balance June 30, 2005 |
|---|---|---|---|---|---|---|
| Lease terminations | $15,383 | $ — | $ 251 | $(1,122) | $(133) | $14,379 |
| Severance and benefits | 11,251 | 740 | — | (5,510) | (479) | 6,002 |
| Contract terminations | 3,008 | 965 | (723) | (310) | — | 2,940 |
| Costs to exit activities | 1,415 | — | (123) | (235) | — | 1,057 |
| Tax contingencies | — | 449 | — | — | — | 449 |
| | $31,057 | $2,154 | $(595) | $(7,177) | $(612) | $24,827 |

(1) The accruals of $1.7 million in the second quarter include additional severance, the termination of two META contracts, and a tax contingency. The Company recorded $0.7 million of severance related to the identification of additional benefits that will be paid to severed META employees. In addition, the Company recorded a $0.4 million accrual related to the termination of a META sales agent relationship, and a $0.5 million accrual was for the termination of an existing agreement with a former META employee. Under an existing agreement with META, the former employee was entitled to annual payments for the years 2004 through 2008, which included a percentage of certain META consulting revenues. In the second quarter of 2005, Gartner negotiated the termination of this agreement, effective as of April 1, 2005, by agreeing to engage the former employee on an independent contractor basis through December 31, 2008 and by buying out his right to receive a percentage of revenues for a lump-sum payment. The tax contingencies accrual reflects the Company's best estimate of taxes due on various META obligations.

(2) During the second quarter of 2005 there were adjustments to the estimated META liabilities booked as of April 1, 2005. Among these adjustments was the reversal of a $0.7 million accrual for the termination of a sales agent relationship that was settled for a lesser amount.

The following table summarizes the unaudited pro forma financial information for the acquisition and the related financing as if the transaction had been consummated on January 1, 2005 and 2004 under the purchase method of accounting (dollars in thousands, except per share amounts):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Revenues | $274.6 | $265.0 | $507.6 | $506.3 |
| Net (loss) income | (0.8) | 8.7 | (19.4) | 4.9 |
| (Loss) earnings per common share: | | | | |
| Basic | $ (0.01) | $ 0.07 | $ (0.17) | $ 0.04 |
| Diluted | $ (0.01) | $ 0.06 | $ (0.17) | $ 0.04 |

The unaudited pro forma combined financial information does not necessarily represent what would have occurred if the acquisition had taken place on the dates presented and is not representative of the Company's future consolidated results. The future combined company results will not reflect the historical combined company results of both entities. Future research revenues are expected to be lower on a combined company basis as a result of expected customer overlap, and future consulting revenues are expected to be lower on a combined company basis as a result of exiting certain practices. In addition, the future general and administrative expenses are expected to be lower on a combined company basis as a result of the expected cost synergies. The net financial impact of these matters has not been reflected in the pro forma information. Achievement of any of the expected cost savings and synergies is subject to risks and uncertainties and no assurance can be given that such cost savings or synergies will be achieved. The pro forma information does not include all liabilities that may result from the operation of META's business in conjunction with that of Gartner's following the acquisition and all adjustments in respect of possible settlements of outstanding liabilities (other than those already included in the historical financial statements of either company), as these are not presently estimable. Therefore, the actual amounts ultimately recorded may differ materially from the information presented in the accompanying pro forma information.

The Company will recognize revenue associated with the fulfillment of the acquired META contracts, consistent with Gartner's standard revenue recognition methodology, ratably over the contract term, which is typically twelve months, or upon the completion of the related event. All direct costs associated with the fulfillment of the acquired META contracts will be expensed over the period in which the related revenues are recognized. The pro forma information reflects Gartner's current estimate of the costs required to fulfill the deferred obligation related to the acquired META contracts.

Note 3 – Comprehensive (Loss) Income

The components of comprehensive (loss) income for the three and six months ended June 30, 2005 and 2004 are as follows (in thousands):

| | Three Months Ended June 30, 2005 | Three Months Ended June 30, 2004 | Six Months Ended June 30, 2005 | Six Months Ended June 30, 2004 |
|---|---|---|---|---|
| Net (loss) income | $ (819) | $11,028 | $(15,526) | $11,492 |
| Other comprehensive (loss) income: | | | | |
| Foreign currency translation adjustments | (960) | (1,671) | (4,791) | (1,775) |
| Reclassification adjustment of foreign currency translation adjustment to net income upon closing of foreign operations | — | — | — | 2,943 |
| Net unrealized (losses) gains on investments, net of tax | (237) | (2) | (241) | 26 |
| Other comprehensive (loss) income | (1,197) | (1,673) | (5,032) | 1,194 |
| Comprehensive (loss) income | $(2,016) | $ 9,355 | $(20,558) | $12,686 |

During the first quarter of 2004, the Company reclassified $2.9 million of accumulated translation adjustments associated with certain operations in South America into net income as a result of the Company's decision to close those operations. The reclassification adjustment was recorded as a loss within Other expense, net.

Note 4 — Computations of (Loss) Income per Share of Common Stock

The following table sets forth the reconciliation of the basic and diluted (loss) income per share (in thousands, except per share data):

| | Three Months Ended June 30, 2005 | Three Months Ended June 30, 2004 | Six Months Ended June 30, 2005 | Six Months Ended June 30, 2004 |
|---|---|---|---|---|
| **Numerator:** | | | | |
| Net (loss) income used for calculating basic and diluted (loss) income per share | $ (819) | $ 11,028 | $(15,526) | $ 11,492 |
| **Denominator:** | | | | |
| Weighted average number of common shares used in the calculation of basic (loss) income per share | 111,880 | 132,129 | 111,602 | 131,183 |
| Common stock equivalents associated with stock compensation plans | — | 3,206 | — | 3,059 |
| Shares used in the calculation of diluted (loss) income per share | 111,880 | 135,335 | 111,602 | 134,242 |
| Basic (loss) income per share | $ (0.01) | $ 0.08 | $ (0.14) | $ 0.09 |
| Diluted (loss) income per share | $ (0.01) | $ 0.08 | $ (0.14) | $ 0.09 |

For the three months ended June 30, 2005 and 2004, options to purchase 18.1 million and 11.2 million shares, respectively, of Class A Common Stock of the Company were not included in the computation of diluted (loss) income per share because the effect would have been anti-dilutive. For the six months ended June 30, 2005 and 2004, options to purchase 18.2 million and 11.4 million shares, respectively, of Class A Common Stock of the Company were not included in the computation of diluted (loss) income per share because the effect would have been anti-dilutive.

Note 5 – Accounting for Stock-Based Compensation

The Company has several stock-based compensation plans. The Company applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB 25") in accounting for its employee stock options and purchase rights and applies Statement of Financial Accounting Standards No. 123 "Accounting for Stock Issued to Employees" ("SFAS 123") for disclosure purposes only. Under APB 25, the intrinsic value method is used to account for stock-based employee compensation plans. The SFAS 123 disclosures include pro forma net (loss) income and (loss) income per share as if the fair value-based method of accounting had been used.

If compensation for employee options had been determined based on SFAS 123, the Company's pro forma net (loss) income, and pro forma (loss) income per share would have been as follows (in thousands, except per share data):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Net (loss) income as reported | $ (819) | $11,028 | $(15,526) | $11,492 |
| Add: Stock-based compensation expense, net of tax, included in net (loss) income as reported | 122 | 464 | 339 | 779 |
| Deduct: Pro forma employee compensation cost, net of tax, related to stock options, restricted stock, and share purchase plan | (4,154) | (2,727) | (7,567) | (5,217) |
| Pro forma net (loss) income | $(4,851) | $ 8,765 | $(22,754) | $ 7,054 |
| Basic (loss) income per share: | | | | |
| As reported | $ (0.01) | $ 0.08 | $ (0.14) | $ 0.09 |
| Pro forma | $ (0.04) | $ 0.07 | $ (0.20) | $ 0.05 |
| Diluted (loss) income per share: | | | | |
| As reported | $ (0.01) | $ 0.08 | $ (0.14) | $ 0.09 |
| Pro forma | $ (0.04) | $ 0.06 | $ (0.20) | $ 0.05 |

The fair value of the Company's stock plans was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Expected Dividend yield | 0% | 0% | 0% | 0% |
| Expected stock price volatility | 31% | 42% | 31% | 42% |
| Risk-free interest rate | 3.7% | 3.1% | 3.7% | 3.0% |
| Expected life in years | 3.1 | 3.7 | 3.1 | 3.7 |

The weighted average fair values of the Company's stock options granted during the three months ended June 30, 2005 and 2004 were $2.74 and $4.35, respectively. The weighted average fair values of the Company's stock options granted during the six months ended June 30, 2005 and 2004 were $2.73 and $4.27, respectively.

In December 2004 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 123R, "Share-Based Payment" (SFAS 123R). The rule replaces SFAS No. 123 and APB 25 and will require the recognition of expense for share-based payments, to include the value of stock options granted to employees. The revised rule was originally effective for periods beginning after June 15, 2005, with early adoption permitted.

In April 2005 the SEC issued a rule that amended the date of compliance with SFAS 123R ("the SEC amendment"). Under the SEC amendment, SFAS 123R must be adopted beginning with the first interim or annual reporting period of the registrant's first fiscal year beginning on or after June 15, 2005, which means that the Company must adopt SFAS 123R by January 1, 2006.

The Company is currently assessing the impact SFAS 123R will have on its financial position, cash flows, and results of operations, and the method of adoption it will use. The Company believes that the implementation of the new rule may have a material effect on its results of operations.

The Company received approval at its annual stockholder meeting to make an offer to buy back certain vested and outstanding stock options for cash at a price less than or equal to fair value (See Note 12 — Equity and Stock Programs for additional information).

Note 6 — Segment Information

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

The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution, as presented below, is defined as operating income, excluding certain selling, general and administrative expenses, depreciation, amortization, goodwill impairment, income taxes, META integration charges, and other charges. The accounting policies used by the reportable segments are the same as those used by the Company.

The Company does not identify or allocate assets, including capital expenditures, by operating segment. Accordingly, assets are not reported by segment because the information is not available and is not reviewed in the evaluation of segment performance or in making decisions in the allocation of resources.

The following tables present information about reportable segments (in thousands). The "Other" column includes certain revenues and related expenses that do not meet the segment reporting quantitative threshold. There are no inter-segment revenues.

| | Research | Consulting | Events | Other | Consolidated |
|---|---|---|---|---|---|
| ***Three Months Ended June 30, 2005:*** | | | | | |
| Revenues | $134,926 | $79,092 | $56,949 | $3,602 | $ 274,569 |
| Gross Contribution | 80,956 | 31,593 | 26,754 | 3,252 | 142,555 |
| Corporate and other expenses | | | | | (137,417) |
| Operating income | | | | | $ 5,138 |

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| | Research | Consulting | Events | Other | Consolidated |
|---|---|---|---|---|---|
| ***Three Months Ended June 30, 2004:*** | | | | | |
| Revenues | $118,966 | $ 67,609 | $37,211 | $4,071 | $ 227,857 |
| Gross Contribution | 73,004 | 24,835 | 16,858 | 3,614 | 118,311 |
| Corporate and other expenses | | | | | (102,525) |
| Operating income | | | | | $ 15,786 |
| ***Six Months Ended June 30, 2005:*** | | | | | |
| Revenues | $260,122 | $143,102 | $65,004 | $6,165 | $ 474,393 |
| Gross Contribution | 157,972 | 54,734 | 30,089 | 5,424 | 248,219 |
| Corporate and other expenses | | | | | (253,867) |
| Operating (loss) | | | | | $ (5,648) |
| ***Six Months Ended June 30, 2004:*** | | | | | |
| Revenues | $241,208 | $132,235 | $55,382 | $7,699 | $ 436,524 |
| Gross Contribution | 152,031 | 50,079 | 23,965 | 6,771 | 232,846 |
| Corporate and other expenses | | | | | (210,889) |
| Operating income | | | | | $ 21,957 |

Note 7 — Goodwill and Intangible Assets

During the second quarter of 2005, the Company completed the acquisition of META and recorded total goodwill of $187.4 million and intangibles of $25.6 million (See Note 2 – Acquisition of META Group, Inc.). The recorded amounts of these assets may change as a result of the finalization of the purchase accounting.

The changes in the carrying amount of goodwill, by reporting segment, for the six months ended June 30, 2005 are as follows:

| | Balance December 31, 2004 | Goodwill From META Acquisition | Currency Translation Adjustments | Balance June 30, 2005 |
|---|---|---|---|---|
| Research | $131,921 | $159,830 | $(5,235) | $286,516 |
| Consulting | 67,150 | 21,473 | (1,059) | 87,564 |
| Events | 30,606 | 6,070 | (85) | 36,591 |
| Other | 2,082 | — | — | 2,082 |
| Total goodwill | $231,759 | $187,373 | $(6,379) | $412,753 |

The following table presents the Company’s intangible assets subject to amortization (in thousands):

| June 30, 2005 | Intellectual Property | Customer Relationships | Databases | Other | Total |
|---|---|---|---|---|---|
| Gross cost | $14,400 | $7,700 | $3,500 | $ 1,893 | $27,493 |
| Accumulated amortization | (2,392) | (355) | (581) | (1,478) | (4,806) |
| Net | $12,008 | $7,345 | $2,919 | $ 415 | $22,687 |

| December 31, 2004 | Intellectual Property | Customer Relationships | Databases | Other | Total |
|---|---|---|---|---|---|
| Gross cost | $— | $— | $— | $ 1,555 | $ 1,555 |
| Accumulated amortization | — | — | — | (1,417) | (1,417) |
| Net | $— | $— | $— | $ 138 | $ 138 |

The Other category includes noncompete agreements and trademarks. Aggregate amortization expense for the three month periods ended June 30, 2005 and 2004 was $3.4 million and $0.2 million, respectively. Aggregate amortization expense for the six month periods ended June 30, 2005 and 2004 was $3.4 million and $0.4 million, respectively.

The estimated future amortization expense on intangibles is as follows (in thousands):

| | |
|---|---|
| 2005 (remaining six months) | $ 6,828 |
| 2006 | 10,573 |
| 2007 | 1,580 |
| 2008 | 1,580 |
| 2009 | 1,580 |
| 2010 and thereafter | 546 |
| | $22,687 |

Note 8 – META Integration Charges

During the first and second quarters of 2005, the Company incurred approximately $3.4 million and $8.2 million, respectively, of expenses related to the integration of META, primarily for severance, and for consulting, accounting, and tax services. In accordance with SFAS No. 141, “Business Combinations,” these merger integration costs were expensed as incurred.

Note 9 – Other Charges

During the second quarter of 2005, the Company recorded other charges of $8.2 million. Included in the second quarter charge was $8.5 million of costs primarily related to the reduction of office space in San Jose, California, by consolidating employees from two buildings into one. The Company also recorded a charge of $0.6 million associated with certain stock combination expenses, which was offset by a reversal of $0.9 million of accrued severance and other charges that the Company determined would not be paid.

During the first quarter of 2005, the Company recorded other charges of $14.3 million. Included in the charge was $10.6 million for costs associated with employee termination severance payments and related benefits. The workforce reduction is a continuation of the plan announced in the fourth quarter of 2004 and has resulted in the termination of 123 employees during the three months ended March 31, 2005. In addition, the Company also recorded other charges of approximately $3.7 million, primarily related to a restructuring of the Company’s international operations.

During the second quarter of 2004, the Company recorded other charges of $9.1 million, which included $3.8 million of severance costs associated with the departure of the former CEO, as well as $5.3 million of costs associated with a realignment of the Company's workforce. This workforce realignment resulted in the termination of 30 employees during the second quarter of 2004.

During the first quarter of 2004, the Company recorded other charges of $10.5 million, of which $10.4 million was associated with the realignment of the Company's workforce and $0.1 million was associated with costs to close certain operations in South America. The workforce realignment portion of the charge is for costs for employee termination severance payments and related benefits and included 132 employees. This workforce realignment was a continuation of the action plan initiated during the fourth quarter of 2003 which resulted in the overall reduction of 262 employees.

The following table summarizes the activity related to the liability for the restructuring programs recorded as other charges (in thousands):

| | Workforce Reduction Costs | Excess Facilities Costs | Asset Impairments And Other | Total |
|---|---|---|---|---|
| Accrued Liability at December 31, 2003 | $ 12,816 | $19,159 | $ — | $ 31,975 |
| Charges during six months ended June 30, 2004 | 19,473 | — | 103 | 19,576 |
| Non-cash charges | (496) | — | (66) | (562) |
| Payments | (20,840) | (2,663) | (37) | (23,540) |
| Accrued Liability at June 30, 2004 | 10,953 | 16,496 | — | 27,449 |
| Charges during remainder of 2004 | 10,234 | 2,263 | 5,681 | 18,178 |
| Non-cash charges | — | — | (4,185) | (4,185) |
| Payments | (11,919) | (1,584) | 2 | (13,501) |
| Accrued Liability at December 31, 2004 | 9,268 | 17,175 | 1,498 | 27,941 |
| Charges during six months ended June 30, 2005 | 9,935 | 8,270 | 4,295 | 22,500 |
| Currency translation and other adjustments | (358) | (228) | (1,030) | (1,616) |
| Payments | (12,194) | (968) | (4,071) | (17,233) |
| Accrued Liability at June 30, 2005 | $ 6,651 | $24,249 | $ 692 | $ 31,592 |

The asset impairments and other charges in the first half of 2005 includes $3.7 million related to a restructuring in the Company's international operations, for which the Company expects the remaining $0.7 million to be paid by December 31, 2005. During the second quarter of 2005, the Company reclassified $0.9 million of accrued charges, which were originally recorded in the fourth quarter of 2004, out of the asset impairments and other category into the loss on the sale of a non-core product line. The non-core product line was sold in the second quarter of 2005 and was immaterial.

The majority of the accrued severance of $6.7 million at June 30, 2005 will be paid by December 31, 2005, while the costs related to excess facilities will be paid until 2011. The Company expects to fund these payments from existing cash.

The non-cash charges for workforce reductions during 2004 resulted from the establishment of a new measurement date for certain equity compensation arrangements upon the modification of the terms of the related agreements. The asset impairments and other charge in 2004 were primarily for the exit from certain non-core product lines and asset impairments.

The table above excludes $2.2 million of accrued excess facilities liability at June 30, 2005 related to interest accreted on the lease liabilities. The interest accretion is charged to interest (expense) income, net in the Consolidated Statement of Operations.

Note 10 – Investments

The Company recorded non-cash charges of $5.1 million and $0.3 million during the first and second quarters of 2005, respectively, related to writedowns of its investment in SI II. The Company recorded the writedown in the first quarter of 2005 to estimated net realizable value after receiving preliminary indications of interest to acquire the investment for less than the recorded value. The Company took an additional writedown in the second quarter of 2005 based on a preliminary sale agreement for which the proceeds were less than the recorded value. The losses are recorded in (Loss) gain from investments, net in the Consolidated Statements of Operations. The Company signed an agreement for the sale of its investment in SI II on August 2, 2005.

Note 11 – Debt

On June 29, 2005, the Company entered into an Amended and Restated Credit Agreement. The Amended and Restated Credit Agreement provides for a five year $200.0 million term loan and a $125.0 million revolving credit facility which may be increased, at Gartner's option, up to $175.0 million.

The term loan will be repaid in 19 quarterly installments, with the final payment due on June 29, 2010. The revolving credit facility may be used for loans, and up to $10 million may be used for letters of credit. The revolving loans may be borrowed, repaid and reborrowed until June 29, 2010, at which time all amounts borrowed must be repaid. The loans bear interest, at the Company's option, at a rate equal to the greatest of the Administrative Agent's prime rate, the Administrative Agent's rate for three-month certificates of deposit (adjusted for statutory reserves) and the average rate on overnight federal funds plus $^{1}/_{2}$ of 1% plus a spread equal to between 0.00% and 0.75% depending on the Company's leverage ratio as of the fiscal quarter most recently ended, or at the Eurodollar rate (adjusted for statutory reserves) plus a spread equal to between 1.00% and 1.75%, depending on the Company's leverage ratio as of the fiscal quarter most recently ended.

The Amended and Restated Credit Agreement contains certain restrictive loan covenants, including, among others, financial covenants requiring a maximum leverage ratio, a minimum fixed charge coverage ratio, and a minimum annualized contract value ratio and covenants limiting Gartner's ability to incur indebtedness, grant liens, make acquisitions, be acquired, dispose of assets, pay dividends, repurchase stock, make capital expenditures and make investments. Gartner's obligations under the credit facility are guaranteed by Gartner's U.S. subsidiaries.

The Amended and Restated Credit Agreement contains events of default that include, among others, non-payment of principal, interest or fees, inaccuracy of representations and warranties, violation of covenants, cross defaults to certain other indebtedness, bankruptcy and insolvency events, material judgments, and events constituting a change of control. The occurrence of an event of default will increase the applicable rate of interest by 2.0% and could result in the acceleration of Gartner's obligations under the credit facility and an obligation of any or all of the guarantors to pay the full amount of Gartner's obligations under the credit facility.

The Amended and Restated Credit Agreement replaces the prior credit facility, as amended on March 5, 2005, and changes certain terms, including, among other things, modifying the definition of Consolidated

EBITDA to allow Gartner to add back the amounts of certain charges related to its acquisition and integration of META to the calculation of Consolidated EBITDA.

In connection with the purchase of META, on April 1, 2005, the Company borrowed $67.0 million under the revolving credit facility, and then borrowed an additional $10.0 million under the revolver in early May 2005 which was used to make the scheduled quarterly payment on the term A loan facility. The weighted-average interest rate on the revolving credit facility was approximately 4.0% in the first quarter of 2005 and 4.59% in the second quarter of 2005.

On June 30, 2005, there was $200.0 million outstanding on the term loan and $50.0 million outstanding on the revolving credit facility. On June 29, 2005, the Company repaid approximately $247.0 million outstanding under its existing Credit Agreement and received $250.0 million in cash under the Amended and Restated Credit Agreement consisting of a $200.0 million term loan and a $50.0 million draw on the revolving credit facility. In connection with the refinancing, in the second quarter of 2005 the Company expensed $0.5 million of deferred debt issue costs. The Company had approximately $66.1 million of remaining capacity under the credit facility as of June 30, 2005.

Note 12 – Equity and Stock Programs

Stock Combination

At the Company’s Annual Meeting on June 29, 2005, Gartner’s stockholders approved the combination of the Company’s Class A Common Stock and Class B Common Stock into a single class of common stock and the elimination of the classification of Gartner’s Board of Directors. Each share of outstanding Class A Common Stock and Class B Common Stock was reclassified into a share of a single class of common stock. The combination had no impact on the total issued and outstanding shares of common stock and did not increase the total number of authorized shares of common stock. A Restated Certificate of Incorporation was filed with the Delaware Secretary of State on July 6, 2005 to effectuate these changes. The new common stock retains the Class A Common Stock’s ticker symbol on the New York Stock Exchange (IT) and the Class B Common Stock was delisted from the New York Stock Exchange after the effective date.

Long Term Incentive Plan

At the Company’s Annual Meeting on June 29, 2005, Gartner’s stockholders approved certain amendments to Gartner’s 2003 Long Term Incentive Plan (“the Plan”), including an increase in the number of shares available under the Plan by an additional 11 million shares, the addition of restricted stock units as an award available for grant under the Plan, and the extension of the term of the Plan until April 19, 2015, unless sooner terminated by the Company’s Board of Directors.

Stock Option Buyback

In April 2005, the Company’s Board of Directors approved amendments to certain of its option plans to permit an offer to buy back certain vested and outstanding stock options for cash. These amendments were approved by the Company’s stockholders at the annual meeting on June 29, 2005. The Company is considering launching an offer in the third quarter of 2005. The offer would be made to all current and former employees, except current executive officers and directors, who are holders of certain vested and outstanding options. Options that would be eligible are those that have an exercise price per share that is at least twenty percent above the average closing price of the Company’s common stock during the fourteen trading days prior to the commencement of the offer. Option holders would be offered the opportunity to elect to cancel eligible options in exchange for a payment equal to the value of the outstanding options, as calculated based on the Black-Scholes valuation model.

The accounting for the offer would be governed by APB 25. Under APB 25, the cash consideration paid for redeemed stock options is treated as compensation expense, which is a charge to earnings. Assuming 100% participation, the estimated charge would be between $6.0 and $8.0 million, pretax. Additionally, those outstanding options which the Company offered to redeem and which were not tendered would be subject to variable accounting treatment from the day of the offer onward, requiring the Company to take a potential charge each quarter to the extent the in-the-money value of those options increased as measured on the last day of the quarter. Additionally, to the extent the Company issues new option grants to those employees whose options it redeemed within six months from the closing of the offer, those option grants would also be subject to variable accounting. Any variable accounting treatment triggered by the proposed offer would cease upon adoption of SFAS 123R, expected January 1, 2006.

Tender Offer

On August 10, 2004, the Company completed a Dutch auction tender offer in which it repurchased 11.3 million shares of its Class A Common Stock and 5.5 million shares of its Class B Common Stock at a purchase price of $13.30 and $12.50 per share, respectively. Additionally, the Company repurchased 9.2 million Class A shares from Silver Lake Partners, L.P. and certain of its affiliates at a purchase price of $13.30 per share. The total cost of the repurchases was $346.2 million, including transaction costs of $3.8 million.

Stock Repurchase Program

In July 2001, the Company's Board of Directors approved the repurchase of up to $75.0 million of Class A and Class B Common Stock. The Board of Directors subsequently increased the authorized stock repurchase program to a total authorization for repurchase of $200.0 million. During the first quarter of 2004, the Company repurchased 292,925 shares of its Class A Common Stock and 57,900 shares of its Class B Common Stock at an aggregate cost of $4.0 million. In connection with the Dutch auction tender offer, the Board of Directors terminated the stock repurchase program in June 2004. On a cumulative basis the Company repurchased $133.2 million of its stock under this program.

Note 13 – Defined Benefit Pension Plan

The Company has a defined-benefit pension plan in one of its international locations. The plan is statutory in nature, covers 81 individuals, and is accounted for in accordance with the requirements of Statement of Financial Accounting Standards No. 87, — "Employers' Accounting for Pensions" (SFAS 87). Benefits paid under the plan are based on years of service and employee compensation, and employees vest under the plan after five years of service. Benefits are paid under the plan through a reinsurance contract, which the Company maintains with a third-party insurance company. The Company pays an annual insurance premium for this coverage. In accordance with the requirements of SFAS 87, the reinsurance contract does not qualify as a plan asset since it is maintained outside of the plan.

Net periodic pension expense was $0.6 and $0.3 million for the three month periods ended June 30, 2005 and 2004, respectively. Net periodic pension expense for the six month periods ended June 30, 2005 and 2004 was $0.9 million and $0.6 million, respectively.

Note 14 – Contingencies

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 its financial position or results of operations when resolved in a future period.

The Company has various agreements in which it may be obligated to indemnify the other party with respect to certain matters. Generally, these indemnification clauses are included in contracts arising in the normal course of business under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations related to such matters as title to assets sold and licensed or certain intellectual property rights. It is not possible to predict the maximum potential amount of future payments under these indemnification agreements due to the conditional nature of obligations and the unique facts of each particular agreement. Historically, payments made by the Company under these agreements have not been material. As of June 30, 2005, the Company is not aware of any indemnification agreements that would require material payments.

## ITEM 2. MANAGEMENT'S DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of the following Management's Discussion and Analysis (MD&A) is to help facilitate the understanding of significant factors influencing the operating results, financial condition and cash flows of Gartner, Inc. Additionally, the MD&A also conveys our expectations of the potential impact of known trends, events or uncertainties that may impact future results. You should read this discussion in conjunction with our condensed consolidated financial statements and related notes included in this report and in our Annual Report on Form 10-K for the year ended December 31, 2004. Historical results and percentage relationships are not necessarily indicative of operating results for future periods.

References to "the Company," "we," "our," and "us" are to Gartner, Inc. and its subsidiaries.

### Forward-Looking Statements

In addition to historical information, this Quarterly 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 Exchange Act of 1934, as amended. Forward-looking statements are any statements other than statements of historical fact, including statements regarding our 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 Performance" and elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2004. 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, we disclaim any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur. Readers also should review carefully any risk factors described in other reports filed by us with the Securities and Exchange Commission.

### OVERVIEW

With the convergence of IT and business, technology has become increasingly more important – not just to technology professionals, but also to business executives. We are an independent and objective research and advisory firm that helps IT and business executives use technology to build, guide and grow their enterprises. We deliver this insight through our entire product portfolio.

We employ a diversified business model that leverages the breadth and depth of our research intellectual capital while enabling us to maintain and grow our market-leading position and brand franchise. Our strategy is to align our resources and our infrastructure to leverage that intellectual capital into additional revenue streams through effective packaging, campaigning and cross-selling of our products and services. Our diversified business model provides multiple entry points and synergies that facilitate increased client spending on our research, consulting and events. A key strategy is to increase business volume with our most valuable clients, identifying relationships with the greatest sales potential and expanding those relationships by offering strategically relevant research and analysis.

We intend to maintain a balance between (1) pursuing opportunities and applying resources with a strict focus on growing our three core businesses and (2) generating profitability through a streamlined cost structure.

We have three business segments: research, consulting and events.

- **Research** provides insight for CIOs, IT professionals, technology providers and the investment community through reports and analyst briefings, access to our industry-leading analysts, as well as peer networking services and membership programs designed specifically for CIOs and other senior executives.
- **Consulting** consists primarily of consulting, measurement engagements and strategic advisory services (paid one-day analyst engagements) ("SAS"), which provide assessments of strategy, cost, performance, efficiency and quality focused on the IT industry.
- **Events** consists of various symposia, conferences and exhibitions focused on the IT industry.

We believe the following business measurements are important performance indicators for our business segments.

| BUSINESS SEGMENT | BUSINESS MEASUREMENTS |
|---|---|
| Research | **Contract value** represents the value attributable to all of our subscription-related research products that recognize revenue on a ratable basis. Contract value is calculated as the annualized value of all subscription research contracts in effect at a specific point in time, without regard to the duration of the contract. |
| | **Client retention rate** represents a measure of client satisfaction and renewed business relationships at a specific point in time. Client retention is calculated on a percentage basis by dividing our current clients, who were also clients a year ago, by all clients from a year ago. |
| | **Wallet retention rate** represents a measure of the amount of contract value we have retained with clients over a twelve-month period. Wallet retention is calculated on a percentage basis by dividing the contract value of clients, who were clients one year earlier, by the total contract value from a year earlier. When wallet retention exceeds client retention, it is an indication of retention of higher-spending clients, or increased spending by retained clients, or both. |
| | **Number of executive program members** represents the number of paid participants in our executive programs. |
| Consulting | **Consulting backlog** represents future revenue to be derived from consulting, measurement and strategic advisory services engagements. |
| | **Utilization rates** represent a measure of productivity of our consultants. Utilization rates are calculated for billable headcount on a percentage basis by dividing total hours billed by total hours available to bill. |
| | **Billing Rate** represents earned billable revenue divided by total billable hours. |
| Events | **Number of events** represents the total number of hosted events completed during the period. |
| | **Number of attendees** represents the number of people who attend events. |

## EXECUTIVE SUMMARY OF OPERATIONS AND FINANCIAL POSITION

On April 1, 2005, we completed the purchase of META in an all-cash transaction for $10.00 per share, for a total purchase price of approximately $168.3 million, excluding transaction costs. To fund the purchase we borrowed $67.0 million under our revolving credit facility and used existing cash (See Note 2 — Acquisition of META Group, Inc. in the Notes to the Consolidated Financial Statements). Accordingly, the discussions of operating results and business measurements included herein include the impact of the META acquisition beginning April 1, 2005.

We continue to focus on growing revenue in our core Research business. Revenue in our Research business was up 13% in the second quarter of 2005, to $134.9 million, from $119.0 million in the second quarter of 2004. At June 30, 2005, contract value was $564.8 million, which is up substantially from the $488.7 million at June 30, 2004, a $76.1 million, or 15.6% increase. At June 30, 2005, our research client retention rate remained strong, at 80%, the same rate as of December 31, 2004, but up from the 78% at June 30, 2004. Wallet retention was down slightly compared to the prior year, to 92% at June 30, 3005 from 93% at June 30, 2004.

Revenue from our Consulting segment was up by 17% in the second quarter of 2005 compared to the prior year, to $79.1 million from $67.6 million. Consulting backlog at June 30, 2005 was up 11.6% from December 31, 2004, and is also up substantially from the prior year, to $124.8 million at June 30, 2005, from $97.7 million at June 30, 2004, a 27.7% increase. During the second quarter of 2005, our consultant utilization rate increased to 64% as compared to 63% during the first quarter of 2005, but was down from 66% during the second quarter of 2004. The average hourly billing rate for the second quarter of 2005 remained strong at over $300 per hour.

Our Events business continues to deliver strong results. Our continuing emphasis on managing the Events portfolio to retain our long-time successful events and introduce promising new events has resulted in improved performance, as the gross contribution margin for the second quarter of 2005 increased 2 percentage points, to 47% from 45% for the second quarter of 2004. Overall revenues recognized during the second quarter of 2005 were approximately $19.7 million higher than the prior year quarter, which was primarily due to a planned shift of events in the Event's calendar, as the Company held 34 events in the second quarter of 2005 compared to 20 in the same period in 2004. We have scheduled over 64 events in 2005 as compared to the 56 we held in 2004.

For the second quarter of 2005 we had a net loss of $0.8 million, or $(0.01) per basic and diluted share. The second quarter 2005 loss included pre-tax charges of $8.2 million, primarily related to a reduction in facilities, and $8.2 million of charges related to our integration of META. In addition, the net loss includes approximately $3.3 million of non-cash amortization expense related to the $25.6 million of intangible assets we recorded on the META acquisition. Subsequent to the announcement of our second quarter and first six months of fiscal 2005 results on July 28, 2005, we obtained additional information that required us to reduce our previously announced net loss by approximately $248,000 as a result of an adjustment to our tax provision, that is reflected in the consolidated financial statements included in this report. The adjustment had no impact on our previously reported loss per share for the quarter or six months ended June 30, 2005.

In February 2005, our Board of Directors approved the elimination of our classified Board structure. Additionally, the Board of Directors approved the combination of our Class A and Class B Common Stock. Both of these items were approved by our stockholders at our annual meeting of stockholders on June 29, 2005.

On June 29, 2005, we refinanced our existing debt by entering into an Amended and Restated Credit Agreement that provides for a five year $200.0 million term loan and a $125.0 million revolving credit facility which may be increased, at our option, up to $175.0 million. In conjunction with the refinancing, we repaid approximately $247.0 million outstanding under our existing Credit Agreement and received $250.0 million in cash under the Amended and Restated Credit Agreement consisting of a $200.0 million term loan and a $50.0 million draw on the revolving credit facility.

We ended the second quarter of 2005 with $120.0 million of stockholders' equity. Excluding the impact of foreign currency, our cash decreased by $85.6 million, to $70.4 million at June 30, 2005 from $160.1 million at December 31, 2004.

### Critical Accounting Policies

The preparation of financial statements requires the application of appropriate accounting policies. The policies discussed below are considered by management to be critical to an understanding of Gartner's financial statements because their application requires significant management judgments and estimates. Specific risks for these critical accounting policies are described below.

**Revenue recognition** – We recognize revenue in accordance with SEC Staff Accounting Bulletin ("SAB") No. 101, Revenue Recognition in Financial Statements, and SAB No. 104, Revenue Recognition. Revenue by significant source is accounted for as follows:

- Research revenues are derived from subscription contracts for research products. Revenues from research products are deferred and recognized ratably over the applicable contract term;
- Consulting revenues are based primarily on fixed fees or time and materials for discrete projects. Revenues for such projects are recognized as work is delivered and/or services are provided and are evaluated on a contract by contract basis;
- Events revenues are deferred and recognized upon the completion of the related symposium, conference or exhibition; and
- Other revenues, principally software licensing fees, are recognized when a signed non-cancelable software license exists, delivery has occurred, collection is probable, and the fees are fixed or determinable. Revenue from software maintenance is deferred and recognized ratably over the term of the maintenance agreement, which is typically twelve months.

The majority of 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 that have a 30-day cancellation clause, but have not produced material cancellations to date. It is our policy to record the entire amount of the contract that is billable as a fee receivable at the time the contract is signed with a corresponding amount as deferred revenue, since the contract represents a legally enforceable claim. For those government contracts that 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 government contracts when cash is received. Deferred revenues attributable to government contracts were $39.7 million and $40.9 million at June 30, 2005 and December 31, 2004, respectively. In addition, at June 30, 2005 and December 31, 2004, the Company had not recognized uncollected receivables or deferred revenues, relating to government contracts that permit termination, of $4.9 million and $4.2 million, respectively.

The preliminary purchase price allocation of the META acquisition includes an estimate of the fair value of the cost to fulfill the deferred revenue obligation assumed from META. The estimated fair value of the deferred revenue obligation was determined by estimating the costs to provide the services plus a normal profit margin, but did not include any costs associated with selling efforts. As a result, in allocating the purchase price, we recorded an adjustment to reduce the carrying value of META's March 31, 2005 deferred revenue by approximately $10 million. Consequently, revenues related to existing META contracts in the amount of approximately $5 million that would have been recorded by META had it been an independent entity were not recognized in the second quarter of 2005. Our revenues over the next three quarters will be reduced by the remaining $5 million deferred revenue reduction. As former META customers renew their contracts, we will recognize the full value of revenue from those new contracts over the respective contract periods.

**Uncollectible fees receivable** — Provisions for bad debts are recognized as incurred. The measurement of likely and probable losses and the allowance for uncollectible fees receivable is based on historical loss experience, aging of outstanding receivables, an assessment of current economic conditions and the financial health of specific clients. This evaluation is inherently judgmental and requires material estimates. These valuation reserves are periodically re-evaluated and adjusted as more information about the ultimate collectibility of fees receivable becomes available. Circumstances that could cause our valuation reserves to increase include changes in our clients' liquidity and credit quality, other factors negatively impacting our clients' ability to pay their obligations as they come due, and the effectiveness of our collection efforts. Total trade receivables at June 30, 2005 were $242.9 million, offset by an allowance for losses of approximately $6.0 million. Total trade receivables at December 31, 2004 were $266.1 million, offset by an allowance for losses of approximately $8.5 million.

**Impairment of goodwill and other intangible assets** — The evaluation of goodwill is performed in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Among other requirements, this standard eliminated goodwill amortization upon adoption and requires ongoing annual assessments for goodwill impairment. The evaluation of other intangible assets is performed on a periodic basis. These assessments require management to estimate the fair value of our reporting units based on estimates of future business operations and market and economic conditions in developing long-term forecasts. If we determine the fair value of any reporting unit is less than its carrying amount, we must recognize an impairment charge, for the associated goodwill of that reporting unit, to earnings in our financial statements. Goodwill is evaluated for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger a review for impairment include the following: significant under-performance relative to historical or projected future operating results, significant changes in the manner of our use of acquired assets or the strategy for our overall business, significant negative industry or economic trends, significant decline in our stock price for a sustained period, and our market capitalization relative to net book value.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

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

**Contingencies and other loss reserves and accruals** — We record accruals for severance costs, lease costs associated with excess facilities, contract terminations and asset impairments as a result of acquisitions and actions we undertake to streamline our organization, reposition certain businesses and reduce ongoing costs. Estimates of costs to be incurred to complete these actions, such as future lease payments, sublease income, the fair value of assets, and severance and related benefits, are based on assumptions at the time the actions are initiated. To the extent actual costs differ from those estimates, accruals may need to be adjusted. In addition, these actions may be revised due to changes in business conditions that we did not foresee at the time such plans were approved. Additionally, we record accruals for estimated incentive compensation costs during each year. Amounts accrued at the end of each reporting period are based on our estimates and may require adjustment as the ultimate amount paid associated with these incentives are sometimes not known until after year-end.

**Results of Operations**

**Overall Results**

Total revenues increased 21% in the second quarter of 2005 to $274.6 million compared to $227.9 million for the second quarter of 2004, and increased $38.0 million, or 9%, when comparing the first six months of 2005 to the first six months of 2004, to $474.4 million from $436.5 million. Of the $38.0 million increase in revenue for the first six months of 2005, approximately $14.4 was attributed to the acquisition of META, for which we began to record revenues on April 1, the acquisition date. In addition to the META acquisition, revenues for the second quarter of 2005 benefited from the timing of events as many events held in the first quarter of 2004 were held in the second quarter in 2005. Excluding the effects of foreign currency translation, revenues for the second quarter and year-to-date 2005 would have increased 19% and 7%, respectively. Please refer to the section of this MD&A entitled “Segment Results” for a further discussion of revenues by segment.

Cost of services and product development increased $26.1 million, or 23%, to $140.5 million in the second quarter of 2005 from $114.4 million in the second quarter of 2004 and increased 12% when comparing the first six months of 2005 with the first six months of 2004. Cost of services and product development increased by approximately 1% during the second quarter and first six months of 2005 due to the effects of foreign currency translation. The increase in cost of services and product development on a year-to-date basis resulted primarily from higher labor expenses across all of our lines of business due to increased compensation and an increase of 164 people related to the META purchase. The increase in cost of services and product development during the second quarter was caused primarily by the timing of events, as we held 34 events in the second quarter of 2005 compared to 20 in the same period in 2004, higher compensation costs, and the increased headcount related to META. Cost of services and product development for the first six months of 2005 benefited by the reversal of $2.1 million of prior years’ incentive compensation program accruals. Additionally, cost of services and product development during 2004 benefited by the reversal, $1.7 million during the second quarter and $3.5 million during the first six months, of prior year’s incentive compensation program accruals. As a percentage of sales, cost of services and product development was 51% for the second quarter of 2005 and 50% for the second quarter of 2004. For the first six months of 2005 and 2004, cost of services and product development as a percentage of sales was 50% and 48%, respectively.

Selling, general and administrative expenses increased $21.1 million, or 26%, to $102.7 million in the second quarter of 2005 from $81.6 million in the second quarter of 2004. SG&A expenses increased 15% to $194.3 million from $169.2 million when comparing the first six months of 2005 to the first six months of 2004. SG&A expenses increased by approximately 1% during the second quarter and first six months of 2005 due to the effects of foreign currency translation. The $25.1 million increase in SG&A expenses on a year-to-date basis resulted primarily from increased compensation costs and an increase of 158 people related to the META purchase, higher sales commissions and external consulting expenses. During the first six months of 2005, SG&A expenses benefited by the reversal of $0.8 million of prior year's incentive compensation program accruals. The $21.1 million increase in SG&A expenses on a quarterly basis resulted primarily from increased compensation costs and the higher headcount due to META, higher sales commissions and insurance costs, the timing of events, and the foreign currency impact. During the first quarter and first six months of 2004, SG&A expenses benefited by the reversal of $2.6 million and $3.3 million, respectively, of prior year's incentive compensation program accruals.

Depreciation expense for the second quarter of 2005 decreased 6% to $6.4 million, compared to $6.8 million for the second quarter of 2004 and decreased 15% when comparing the first six months of 2005 to the first six months of 2004. The reduction is due to a decline in capital spending. The Company recorded $1.3 million in fixed assets related to the purchase of META, for which approximately $0.3 million of depreciation expense was recorded in the second quarter of 2005.

Amortization of intangibles of $3.3 million for the second quarter of 2005 increased from $0.2 million for the second quarter of 2004 due to the amortization of intangible assets from the acquisition of META. Amortization of intangibles during the first six months of 2005 as compared to the same period in 2004 increased from $0.4 million to $3.4 million, also due to the acquisition of META.

Goodwill impairments of $0.7 million in the first six months of 2004 were due to the closing of operations in South America.

META integration charges were $8.2 million and $11.6 million for the second quarter and first six months of 2005, respectively. These expenses relate primarily to severance, and for consulting, accounting, and tax services.

Other charges were $8.2 million in the second quarter of 2005. Included in the second quarter charge was $8.5 million of costs related to the reduction of office space in San Jose, California, by consolidating employees from two buildings into one. The Company also recorded a charge of $0.6 million associated with certain stock combination expenses, which was offset by a reversal of $0.9 million of accrued severance and other charges that the Company determined would not be paid.

During the first quarter of 2005, the Company recorded other charges of $14.3 million. Included in the charges was $10.6 million for costs associated with employee termination severance payments and related benefits. The workforce reduction is a continuation of the plan announced in the fourth quarter of 2004 and has resulted in the termination of 123 employees during the three months ended March 31, 2005. In addition, the Company also recorded other charges of approximately $3.7 million, primarily related to a restructuring of the Company's international operations.

During the second quarter of 2004, the Company incurred $9.1 million of charges which includes severance costs associated with our former CEO, as well as costs associated with the termination of 8 additional employees in conjunction with our continued workforce realignment. During the first quarter of 2004, other charges of $10.5 million were primarily associated with a realignment of our workforce. This workforce realignment was a continuation of the action plan initiated during the fourth quarter of 2003 and has resulted in the termination of 132 employees, bringing the total terminations to 262 employees associated with the action plan announced in December 2003.

(Loss) gain from investments, net included losses of $5.1 million and $0.3 million in the first and second quarters of 2005, respectively, due to writedowns of the Company's investment in SI II. The Company recorded the writedown in the first quarter of 2005 to estimated net realizable value after receiving preliminary indications of interest to acquire the investment for less than the recorded value. The Company took an additional writedown in the second quarter of 2005 based on a preliminary sale agreement for its investment in SI II for which the proceeds were less than the recorded value. The Company signed this sale agreement on August 2, 2005.

Interest (expense) income, net was $3.3 million of expense during the second quarter of 2005 and $4.7 million of expense during the first six months of 2005 as compared to income of $0.4 million and $0.6 million, respectively, in 2004. The increase in interest expense was due to the credit agreement signed in the third quarter of 2004 and related borrowings. Also, during the fourth quarter of 2003 we converted our outstanding debt into equity, which substantially reduced interest expense in the first and second quarters of 2004.

Other expense, net for the second quarter and first six months of 2005 consists primarily of net foreign currency exchange gains and losses. In the first quarter of 2004, we recorded a non-cash write-off of $2.9 million of accumulated foreign currency translation adjustments associated with certain of our operations in South America that were closed. As a result of the decision to close the operations, we were required to reclassify these currency adjustments that have been accumulated within equity, in accordance with Statement of Financial Accounting Standards No. 52 “Foreign Currency Translation,” to earnings. Other expense, net for the second quarter of 2004 consists primarily of net foreign currency exchange gains and losses.

Provision (benefit) for income taxes for the second quarter of 2005 and 2004 was 63.2% and 30.4%, respectively, of income before income taxes. For the first six months of 2005 and 2004, the respective provision (benefit) for income taxes was (13.9)% and 40.1%, respectively, of income before income taxes. Excluding certain one-time charges, the provision for income taxes for year to date and quarter to date June 2005 and June 2004 was 33% of pre-tax book income. In 2005, the most significant of these charges include expenses related to the acquisition and integration of META which are not deductible for tax purposes, and impairments/losses on capital assets for which the Company receives no tax benefit. In 2004, the most significant of these charges include nondeductible goodwill impairment, the non-deductible write-off of accumulated foreign currency translation adjustments associated with certain South American operations, and certain severance charges.

In the fourth quarter of 2004, we took a $5.0 million deferred tax charge in anticipation of repatriating approximately $52.0 million in earnings from our non-US subsidiaries in 2005. The repatriation was expected to qualify for a one-time reduced tax rate pursuant to the American Jobs Creation Act (AJCA). In March 2005, pursuant to a Domestic Reinvestment Plan (DRIP) approved by our Chief Executive Officer, we repatriated $52.0 million of earnings from our non-US subsidiaries. The Board of Directors approved the DRIP at its July 27 meeting.

In the second quarter of 2005, we took into account additional guidance issued by the Treasury Department to companies electing to repatriate earnings under the AJCA. As a result of favorable provisions in this guidance, we realized a tax benefit of $3.6 million in the current period which reduced the charge on repatriated earnings to $1.4 million. Also as a consequence of the application of this new guidance, we re-evaluated our ability to use foreign tax credits in the future. Based on that evaluation, we took a charge of $2.5 million to record additional valuation allowance for foreign tax credits that more likely than not will expire unused.

## SEGMENT RESULTS

We evaluate reportable segment performance and allocate resources based on gross contribution margin. Gross contribution is defined as operating income excluding certain selling, general and administrative expenses, depreciation, amortization of intangibles, goodwill impairment, income taxes, META integration charges, and other charges. Gross contribution margin is defined as gross contribution as a percentage of revenues.

### Research

Revenue in our Research business was up 13% in the second quarter of 2005, to $134.9 million, from $119.0 million in the second quarter of 2004. Excluding the impact of foreign currency, revenue for the quarter was up approximately 12%, due to the acquisition of META and organic growth. For the six months ended June 30, 2005, Research revenues increased $18.9 million, or 8%, to $260.1 million compared to $241.2 million for the same period of 2004. Excluding the impact of foreign currency, revenue for the year-to-date period was up approximately 6%, mainly due to the acquisition of META and growth in our Executive Programs. At June 30, 2005, our research client retention rate remained strong, at

80%, the same rate as of December 31, 2004, but up from the 78% at June 30, 2004. Wallet retention was down slightly compared to the prior year, to 92% at June 30, 3005 from 93% at June 30, 2004. Our Executive Program membership was 3,297 at June 30, 2005 compared to 2,122 at June 30, 2004, a 55% increase.

Research gross contribution of $81.0 million for the second quarter of 2005 increased 11% from $73.0 million for the second quarter of 2004, while gross contribution margin for the second quarter of 2005 decreased to 60% from 61% in the prior year period. For the six months ended June 30, 2005, gross contribution increased to $158.0 million, or a 61% contribution margin, from $152.0 million, or a 63% contribution margin, in the comparable prior year period. The decrease in gross contribution margin during 2005 was due primarily to an increase in compensation costs, higher labor costs as a result of increased headcount due to the META acquisition, and a shift in the mix of our research products to lower margin Executive Programs.

At June 30, 2005, contract value was $564.8 million, which is up substantially from the $488.7 million at June 30, 2004, a $76.1 million, or 15.6% increase. Of the $76.1 million increase in contract value, approximately $52.0 million is attributable to the META acquisition, while the impact of foreign currency added approximately $4.0 million to the contract value increase.

Consulting

Consulting revenues increased 17% to $79.1 million for the second quarter of 2005 and increased 8% to $143.1 million for the first six months of 2005, as compared to the same periods of 2004. Consulting revenues have increased over the prior year periods in spite of our exit from certain less profitable consulting practices and geographies in 2004. The impact of foreign currency translation added approximately $1.1 million and $2.4 million to second quarter and six months 2005 revenue, respectively. The quarterly and year over year increase in revenues were due to both META and organic growth. Billable headcount was 524 at June 30, 2005, compared to 467 at June 30, 2004, a 12% increase.

Consulting gross contribution of $31.6 million for the second quarter of 2005 increased 27% from $24.8 million for the second quarter of 2004, while contribution margin for the second quarter of 2005 increased to 40% from 37% in the prior year quarter. Gross contribution of $54.7 million for the first six months of 2005 increased 9% from $50.1 million for the same period of 2004, while contribution margin for both year to date periods was 38%. The 3 point increase in gross contribution margin for the second quarter of 2005 compared to 2004 was primarily due to increased revenues from SAS, which has a higher margin. The billing rate remained at over $300 per hour for both the second quarter of 2005 and for the first six months of 2005.

Consulting backlog, which represents future revenues to be recognized from in-process consulting, measurement and SAS, increased $27.1 million, or 27.7%, to $124.8 million at June 30, 2005, compared to $97.7 million at June 30, 2004. Of the $27.1 million increase in backlog, approximately $9.4 million is attributable to the META acquisition.

Events

Events revenues during the second quarter of 2005 were approximately $19.7 million higher than the prior year quarter, rising to $56.9 million from $37.2 million. The higher revenue was due to increases in attendee and exhibitor revenue. We have scheduled over 64 events in 2005 as compared to the 56 we held in 2004, and as we manage our Events portfolio, we continue to replace certain less profitable events with more promising ones.

For the six months ended June 30, 2005, Events revenues increased 17%, to $65.0 million compared to $55.4 million for the same period of 2004. The increase was due to an increase in the number of events, to 39 for the first six months of 2005 compared to 29 in the comparable prior year period, as well as a 6% improvement in revenues from on-going events. The average revenue per event has increased during 2005 due to the strong performance of our recurring events, as well as the addition of new events in 2005 that had higher revenues than the events that were eliminated. Revenues during the first six months of 2005 benefited from the positive effects of foreign currency translation by approximately 1%.

Gross contribution was $26.8 million, or 47% of revenues, for the second quarter of 2005, compared to $16.9 million, or 45% of revenues, for the second quarter of 2004, which represents a 59% increase. The 2 point increase in gross contribution margin was mainly due to a shift in the timing of events discussed above, as well as a higher number of attendees and price increases for exhibitors.

Gross contribution of $30.0 million, or 46% of revenues, for the first six months of 2005 increased from $24.0 million, or 43% of revenues for the first six months of 2004, a 25% increase. The 3 point increase in gross contribution margin was primarily due to increased volume and price increases for exhibitors. Attendance at events was 16,099 for the six month period ended June 30, 2005, compared to 13,172 in the comparable prior year period, a 22% increase.

**Liquidity and Capital Resources**

Cash provided by operating activities totaled $14.0 million for the six months ended June 30, 2005 compared to $41.3 million for the six months ended June 30, 2004, a $27.3 million decline. The net decrease in cash flow from operating activities was due primarily to lower net income, the payment of approximately $16.0 million of META integration charges, an increase in employee compensation and a shift in the mix of our products in the Research segment from higher margin core research to lower margin Executive Programs.

Cash used in investing activities increased to $167.1 million during the first six months of 2005 as compared to $9.2 million during the first six months of 2004. The increase was primarily due to the acquisition of META, which was completed on April 1, 2005. The Company’s net cash investment in META was approximately $159.8 million through June 30, 2005, which includes $174.9 million of cash paid, including transaction costs, less the $15.1 million of cash acquired from META. Capital expenditures for the first six months of 2005 decreased $1.9 million from the same period in 2004.

Cash provided by financing activities totaled $67.6 million for the six months ended June 30, 2005, compared to $31.7 million for the six months ended June 30, 2004, primarily driven by the borrowing of additional debt. We borrowed $250.0 million on June 29, 2005 related to the refinancing, $67.0 million in April under the revolver related to the META acquisition, and $10.0 million under the revolver which was used to make the second quarter 2005 quarterly payment on the Term A loan. We repaid $267.9 million in debt during the first six months of 2005, which included $247.0 million on June 29, 2005 related to the refinancing, $20.0 million in quarterly debt payments, and $0.9 million related to a note payable we acquired in the META acquisition. We also paid $1.1 million in debt issues costs during the second quarter of 2005 related to the refinancing of our debt. We received proceeds from the exercise of stock options under stock plans of $9.5 million during the first half of 2005 as compared to $37.9 million during the same period in the prior year as a result of our higher stock price during the first half of 2004 as compared to 2005, which resulted in more stock option exercises by employees in 2004.

Planned Stock Option Buyback.

In April 2005, the Company's Board of Directors approved amendments to certain of its option plans to permit an offer to buy back certain vested and outstanding stock options for cash. These amendments were approved by our stockholders at our annual meeting held on June 29, 2005. The offer would be made to holders of certain vested and outstanding options. We estimate that we will pay out cash for redeemed stock options in an amount ranging between $6.0 million and $8.0 million, assuming 100% participation. We are currently considering launching the offer in the third quarter of 2005.

**Obligations and Commitments**

On June 29, 2005, we refinanced our existing debt by entering into an Amended and Restated Credit Agreement that provides for a five-year $200.0 million term loan and a $125.0 million revolving credit facility which may be increased, at Gartner's option, up to $175.0 million. In conjunction with the refinancing, the Company repaid approximately $247.0 million outstanding under its existing Credit Agreement and received $250.0 million in cash under the Amended and Restated Credit Agreement consisting of a $200.0 million term loan and a $50.0 million draw on the revolving credit facility. At June 30, 2005, we had approximately $66.1 million of remaining capacity under the credit facility. On August 1, 2005, we borrowed an additional $10.0 million under the revolving credit facility.

On June 30, 2005, there was $200.0 million outstanding on the term loan and $50.0 million outstanding on the revolving credit facility. The interest rate as of July 1, 2005 was 4.84%.

We believe that our existing cash balances, together with cash from our operating activities and the additional borrowing capacity under our amended five-year credit facility, will be sufficient for our expected short-term and foreseeable long-term needs. We continue to evaluate our capital structure based on our current and long-term liquidity needs, and we continue to evaluate the option of establishing long-term debt as a permanent part of our capital structure. However, there can be no assurances that such capital will be available to us or will be available on commercially reasonable terms.

The following table represents our contractual cash commitments at June 30, 2005 (in millions), including contractual commitments related to the META acquisition. The table excludes interest payments related to our credit facility:

| | Total | Less Than 1 Year | 1 - 3 Years | 4 - 5 Years | More Than 5 Years |
|---|---|---|---|---|---|
| Credit facility | $250.0 | $ 60.0 | $ 60.0 | $130.0 | $ — |
| Operating leases | 214.9 | 32.7 | 74.4 | 41.6 | 66.2 |
| Severance associated with workforce reductions | 12.7 | 12.1 | 0.6 | — | — |
| Contract terminations and other | 4.2 | 4.2 | — | — | — |
| Miscellaneous service agreements | 0.9 | 0.9 | — | — | — |
| Totals | $482.7 | $109.9 | $135.0 | $171.6 | $66.2 |

(1) The $60.0 million due in less than one year includes $50.0 million drawn on our revolving credit facility. Although the terms of the credit facility do not require repayment until 2010, it is currently our intent to repay this amount within one year.

Tender Offer

On August 10, 2004, we completed a Dutch auction tender offer in which we repurchased 11,339,019 shares of our Class A Common Stock and 5,505,489 shares of our Class B Common Stock at a purchase price of $13.30 and $12.50 per share, respectively. Additionally, we repurchased 9,228,938 Class A shares from Silver Lake Partners, L.P. and certain of its affiliates at a purchase price of $13.30 per share. The total cost of these repurchases was $346.2 million, including transaction costs of $3.8 million.

Stock Repurchase Program

In July 2001, our Board of Directors approved the repurchase of up to $75.0 million of our Class A and Class B Common Stock. The Board of Directors subsequently increased the authorized stock repurchase program to a total authorization for repurchase of $200.0 million. During the first quarter of 2004, we repurchased 292,925 shares of our Class A Common Stock and 57,900 shares of our Class B Common Stock at an aggregate cost of $4.0 million. In connection with the Dutch auction tender offer, the Board of Directors terminated the stock repurchase program in June 2004. On a cumulative basis, we have repurchased $133.2 million of our stock under this program.

Off-Balance Sheet Arrangements

Through June 30, 2005, we have not entered into any off-balance sheet arrangements or transactions with unconsolidated entities or other persons.

**BUSINESS AND TRENDS**

Our quarterly and annual revenue, operating income, and cash flow fluctuate as a result of many factors, including the timing of the execution of research contracts, the timing of Symposia and other events, all of which occur to a greater extent in the fourth quarter, as well as the extent of completion of consulting engagements, the amount of new business generated, the mix of domestic and international business, changes in market demand for our products and services, the timing of the development, introduction and marketing of new products and services, and competition in the industry. The potential fluctuations in our operating income could cause period-to-period comparisons of operating results not to be meaningful and could provide an unreliable indication of future operating results.

**Factors That May Affect Future Performance.**

We operate in a very competitive and rapidly changing environment that involves numerous risks and uncertainties, some of which are beyond our control. In addition, we and our clients are affected by the economy. The following section discusses many, but not all, of these risks and uncertainties.

*Decreases in IT Spending Could Lead to Decreases in Our Revenues*. Our revenues and results of operations are influenced by economic conditions in general and more particularly by business conditions in the IT industry. A general economic downturn or recession, anywhere in the world, could negatively affect demand for our products and services and may substantially reduce existing and potential client information technology-related budgets. Such a downturn could materially and adversely affect our business, financial condition and results of operations, including the ability to: maintain client retention, wallet retention and consulting utilization rates, and achieve contract value and consulting backlog.

*We May Not Successfully Integrate the Acquisition of META*. We have made and may continue to make acquisitions of, or significant investments in, businesses that offer complementary products and services, including our acquisition of META that we completed on April 1, 2005. The risks involved in each acquisition or investment include the possibility of paying more than the value we derive from the acquisition, dilution of the interests of our current stockholders or decreased working capital, increased indebtedness, the assumption of undisclosed liabilities and unknown and unforeseen risks, the ability to integrate successfully and efficiently 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 our ongoing business and the distraction of management from our business. The realization of any of these risks could adversely affect our business.

*If the Recently Implemented Restructuring and Reorganization of Our Management Team Does Not Achieve the Results That We Anticipate, the Success of Our Business Strategy May Suffer.* Our future success depends, in significant part, upon the continued service and performance of our senior management and other key personnel. We have recently reorganized our business around specific client needs. As part of this reorganization, a number of key management positions have been filled by the promotion of current employees or the hiring of new employees. Additionally, we have restructured our workforce in order to streamline operations and strengthen key consulting practices. If the reorganization and restructuring of our business does not lead to the results we expect, our ability to effectively deliver our products, manage our company and carry out our business plan may be impaired.

*We Face Significant Competition Which Could Materially Adversely Affect Our Financial Condition, Results of Operations and Cash Flows*. We face direct competition from a significant number of independent providers of information products and services, including information that can be found on the Internet free of charge. We also compete indirectly against consulting firms and other information providers, including electronic and print media companies, some of which may have greater financial, information gathering and marketing resources than we do. These indirect competitors could choose to compete directly with us in the future. In addition, limited barriers to entry exist in the markets in which we do business. As a result, additional new competitors may emerge and existing competitors may start to provide additional or complementary services. Additionally, technological advances may provide increased competition from a variety of sources. However, we believe the breadth and depth of our research assets position us well versus our competition. Increased competition may result in loss of market share, diminished value in our products and services, reduced pricing and increased marketing expenditures. We may not be successful if we 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, or price.

*We Depend on Renewals of Subscription Base Services and Our Failure to Renew at Historical Rates Could Lead to a Decrease in Our Revenues.* Some of our success depends on renewals of our subscription-based research products and services, which constituted 49% of our revenues for the second quarter of 2005 and 52% for the second quarter of 2004. These research subscription agreements have terms that generally range from twelve to thirty months. Our ability to maintain contract renewals is subject to numerous factors, including the following:

- delivering high-quality and timely analysis and advice to our clients;
- understanding and anticipating market trends and the changing needs of our clients; and
- delivering products and services of the quality and timeliness necessary to withstand competition.

Additionally, as we implement our strategy to realign our business to client needs, we may shift the type and pricing of our products which may impact client renewal rates. While research client retention rates were 80% at June 30, 2005 and 78% at June 30, 2004, there can be no guarantee that we will continue to maintain this rate of client renewals. Any material decline in renewal rates could have an adverse impact on our revenues and our financial condition.

*We Depend on Non-Recurring Consulting Engagements and Our Failure to Secure New Engagements Could Lead to a Decrease in Our Revenues.* Consulting segment revenues constituted 29% of our revenues for the second quarter of 2005 and 30% for the second quarter of 2004. These consulting engagements typically are project-based and non-recurring. Our ability to replace consulting engagements is subject to numerous factors, including the following:

- delivering consistent, high-quality consulting services to our clients;
- tailoring our consulting services to the changing needs of our clients; and
- our ability to match the skills and competencies of our consulting staff to the skills required for the fulfillment of existing or potential consulting engagements.

Any material decline in our ability to replace consulting arrangements could have an adverse impact on our revenues and our financial condition.

*We May Not be Able to Attract and Retain Qualified Personnel Which Could Jeopardize the Quality of Our Research*. Our success depends heavily upon the quality of our senior management, research analysts, consultants, sales and other key personnel. We face competition for the limited pool of these qualified professionals from, among others, technology companies, market research firms, consulting firms, financial services companies and electronic and print media companies, some of which have a greater ability to attract and compensate these professionals. Some of the personnel that we attempt to hire are subject to non-compete agreements that could impede our short-term recruitment efforts. Any failure to retain key personnel or hire and train additional qualified personnel as required to support the evolving needs of clients or growth in our business, could adversely affect the quality of our products and services, and our future business and operating results.

*We May Not be Able to Maintain Our Existing Products and Services*. We operate in a rapidly evolving market, and our success depends upon our ability to deliver high quality and timely research and analysis to our clients. Any failure to continue to provide credible and reliable information that is useful to our clients could have a material adverse effect on future business and operating results. Further, if our predictions prove to be wrong or are not substantiated by appropriate research, our reputation may suffer and demand for our products and services may decline. In addition, we must continue to improve our methods for delivering our products and services in a cost-effective manner. Failure to increase and improve our electronic delivery capabilities could adversely affect our future business and operating results.

*We May Not be Able to Introduce the New Products and Services that We Need to Remain Competitive*. The market for our products and services is characterized by rapidly changing needs for information and analysis. To maintain our competitive position, we must continue to enhance and improve our products and services, develop or acquire new products and services in a timely manner, and appropriately position and price new products and services relative to the marketplace and our costs of producing them. Any failure to achieve successful client acceptance of new products and services could have a material adverse effect on our business, results of operations or financial position.

*Our International Operations Expose Us to a Variety of Risks Which Could Negatively Impact Our Future Revenue and Growth*. Approximately 37% of our revenues for the second quarter of 2005 were derived from sales outside of North America. As a result, our 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 and other trade barriers, 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, collecting accounts receivable and protecting intellectual property rights in international jurisdictions. We rely on local distributors or sales agents in some international locations. If any of these arrangements are terminated by our agent or us, we 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 us or our new agent.

*We May Not be Able to Maintain the Equity in Our Brand Name*. We believe that our "Gartner" brand is critical to our efforts to attract and retain clients and that the importance of brand recognition will increase as competition increases. We may expand our marketing activities to promote and strengthen the Gartner brand and may need to increase our marketing budget, hire additional marketing and public relations personnel, expend additional sums to protect the brand and otherwise increase expenditures to create and maintain client brand loyalty. If we fail to effectively promote and maintain the Gartner brand, or incur excessive expenses in doing so, our future business and operating results could be materially and adversely impacted.

*The Costs of Servicing Our Outstanding Debt Could Impair Our Future Operating Results*. We have a $200.0 million senior credit facility as well as a $125.0 million revolving credit facility. The affirmative, negative and financial covenants of the credit facility could limit our future financial flexibility. The associated debt service costs of these facilities could impair our future operating results. The outstanding debt may limit the amount of cash or additional credit available to us, which could restrain our ability to expand or enhance products and services, respond to competitive pressures or pursue future business opportunities requiring substantial investments of additional capital.

*If We Are Unable to Enforce and Protect Our Intellectual Property Rights Our Competitive Position May be Harmed*. We rely on a combination of copyright, patent, trademark, trade secret, confidentiality, non-compete and other contractual provisions to protect our intellectual property rights. Despite our efforts to protect our intellectual property rights, unauthorized third parties may obtain and use technology or other information that we regard as proprietary. Our intellectual property rights may not survive a legal challenge to their validity or provide significant protection for us. The laws of certain countries do not protect our proprietary rights to the same extent as the laws of the United States. Accordingly, we may not be able to protect our intellectual property against unauthorized third-party copying or use, which could adversely affect our competitive position. Our employees are subject to non-compete agreements. When the non-competition period expires, former employees may compete against us. If a former employee chooses to compete against us prior to the expiration of the non-competition period, there is no assurance that we will be successful in our efforts to enforce the non-compete provision.

*We May be Subject to Infringement Claims*. Third parties may assert infringement claims against us. Regardless of the merits, responding to any such claim could be time consuming, result in costly litigation and require us to enter into royalty and licensing agreements which may not be offered or available on reasonable terms. If a successful claim is made against us and we fail to develop or license a substitute technology, our business, results of operations or financial position could be materially adversely affected.

*Our Operating Results May Fluctuate Which May Make Our Future Operating Results Difficult to Predict.* Our quarterly and annual operating income may fluctuate in the future as a result of many factors, including the timing of the execution of research contracts, which typically occurs in the fourth calendar quarter, the extent of completion of consulting engagements, the timing of symposia and other events, which also occur to a greater extent in the fourth calendar quarter, the amount of new business generated, the mix of domestic and international business, changes in market demand for our products and services, the timing of the development, introduction 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 our operating and other activities. The potential fluctuations in our operating income could cause period-to-period comparisons of operating results not to be meaningful and may provide an unreliable indication of future operating results.

*Interests of Certain of Our Significant Stockholders May Conflict With Yours*. Silver Lake Partners, L.P. ("SLP") and its affiliates own approximately 33.4% of our common stock as of July 31, 2005. SLP is restricted from purchasing additional stock without our consent pursuant to the terms of a Securityholders' Agreement. This Securityholders' Agreement also provides that we cannot take certain actions, including acquisitions and sales of stock and/or assets without SLP's consent. Additionally, ValueAct Partners and its affiliates own approximately 15.2% of our common stock as of July 31, 2005. While neither SLP nor ValueAct holds a majority of our outstanding shares, they may be able, either individually or together, to exercise significant influence over matters requiring stockholder approval, including the election of directors and the approval of mergers, consolidations and sales of our assets. Their interests may differ from the interests of other stockholders.

*Our Anti-takeover Protections May Delay or Prevent a Change of Control*. Provisions of our certificate of incorporation and bylaws and Delaware law may make it difficult for any party to acquire control of us in a transaction not approved by our Board of Directors. These provisions include:

- The ability of our Board of Directors to issue and determine the terms of preferred stock;
- Advance notice requirements for inclusion of stockholder proposals at stockholder meetings;
- A preferred shares rights agreement; and
- The anti-takeover provisions of Delaware law.

These provisions could delay or prevent a change of control or change in management that might provide stockholders with a premium to the market price of their Common Stock.

*We May Have to Take Substantial Non-Cash Compensation Charges in Future Periods.* On October 15, 2004, we announced that Eugene A. Hall received an inducement grant of 500,000 shares of restricted stock with a market value on the date of grant of $12.05 per share. As long as Mr. Hall remains an employee, the restriction on the 500,000 shares of restricted stock will lapse upon the earlier of (a) our 60 day average stock price meeting certain targets, or (b) a change in control. The price targets are $20 for the first 300,000 shares, $25 for the next 100,000 shares and $30 for the remaining 100,000 shares. If our 60 day average stock price exceeds the stipulated per share target during the 60 day measurement period, we will be required to record a non-cash compensation charge equal to the closing price of our stock on the date the target is met times the number of shares associated with the applicable target. For example, if our average 60 day stock price is $22 per share and the stock closes at $22.50 per share, the first lapse shall result in us recording a $6.75 million non-cash compensation charge (i.e., 300,000 shares at $22.50 per share).

**RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2005 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"), which will require entities that voluntarily make a change in accounting principle to apply that change retrospectively to prior periods' financial statements, unless this would be impracticable. SFAS 154 supersedes Accounting Principles Board Opinion No. 20, "Accounting Changes," which previously required that most voluntary changes in accounting principle be recognized by including in the current period's net income the cumulative effect of changing to the new accounting principle. SFAS 154 also makes a distinction between "retrospective application" of an accounting principle and the "restatement" of financial statements to reflect the correction of an error. The statement is effective for accounting changes and error corrections made in fiscal years beginning after December 15, 2005. The adoption of this statement is not expected to have a material impact on our financial position, results of operations, or cash flows.

In December 2004 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 123R, “Share-Based Payment” (“SFAS 123R”). The rule replaces SFAS No. 123 and APB 25 and will require the recognition of expense for share-based payments, to include the value of stock options granted to employees. The revised rule was originally effective for periods beginning after June 15, 2005, with early adoption permitted.

On April 21, 2005 the SEC issued a rule that amends the date of compliance with SFAS 123R (“the SEC amendment”). Under the SEC amendment, SFAS 123R must be adopted beginning with the first interim or annual reporting period of the registrant’s first fiscal year beginning on or after June 15, 2005, which means that we must adopt SFAS 123R by January 1, 2006.

We are currently assessing the impact SFAS 123R will have on our financial position, cash flows, and results of operations, and the method of adoption we will use. We believe that the implementation of the new rule may have a material effect on our results of operations.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

At June 30, 2005 we have exposure to market risk for changes in interest rates since we had $250.0 million drawn on our credit facility. The loans bear interest, at the Company’s option, at a rate equal to the greatest of the Administrative Agent’s prime rate, the Administrative Agent’s rate for three-month certificates of deposit (adjusted for statutory reserves) and the average rate on overnight federal funds plus 1/2 of 1% plus a spread equal to between 0.00% and 0.75% depending on the Company’s leverage ratio as of the fiscal quarter most recently ended, or at the Eurodollar rate (adjusted for statutory reserves) plus a spread equal to between 1.00% and 1.75%, depending on the Company’s leverage ratio as of the fiscal quarter most recently ended. The applicable interest rate as of July 1, 2005 was 4.84%. We believe that an increase or decrease of 10% in the effective interest rate on available borrowings from our credit facility would not have a material effect on our future results of operations. Each 25 basis point increase or decrease in interest rates would have an approximate $0.8 million annual pre-tax effect under the revolving credit facility when fully utilized.

Investment Risk

We are exposed to market risk as it relates to changes in the market value of our equity investments. We invest in equity securities of public and private companies directly and through SI II, of which we own 22% at June 30, 2005. SI II is engaged in making venture capital investments in early to mid-stage IT-based or Internet-enabled companies. In the fourth quarter of 2004 we made the decision to sell our interest in SI II, and we signed a sale agreement on August 2, 2005. We had impairment writedowns in our investment in SI II of $5.4 million for the first six months of 2005 (see Note 10 — Investments in the Notes to the Consolidated Financial Statements).

As of June 30, 2005, we had remaining investments in equity securities of approximately $2.6 million. These investments are inherently risky as the businesses are typically in early development stages and may never develop. Further, 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 us incurring additional losses or an inability to recover the original carrying value of our investments. If there were a 100% adverse change in the value of our equity portfolio as of June 30, 2005, this would result in a non-cash impairment charge of approximately $2.6 million.

Foreign Currency Exchange Risk

We face two risks related to foreign currency exchange: translation risk and transaction risk. Amounts invested in our 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), net in the stockholders' equity section of the Consolidated Balance Sheets. Our foreign subsidiaries generally collect revenues and pay expenses in currencies other than the United States dollar. Since the functional currencies of our foreign operations are generally denominated in the local currency of our subsidiaries, the 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 affect our 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.

From time to time we enter into foreign currency forward contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates. Foreign currency forward contracts are reflected at fair value with gains and losses recorded currently in earnings.

The following table presents information about our foreign currency forward contracts outstanding as of June 30, 2005, expressed in U.S. dollar equivalents:

| Currency Purchased | Currency Sold | Contract Amount | Forward Exchange Rate | Unrealized Gain (Loss) | Expiration Date |
|---|---|---|---|---|---|
| USD | Euros | $2,914,000 | .8285 | $(13,800) | July 22, 2005 |
| GBP | Euros | 3,654,000 | 1.506 | (9,700) | July 22, 2005 |
| CHF | Euros | 1,658,000 | .6504 | (4,400) | July 22, 2005 |
| SEK | Euros | 1,283,000 | .1068 | (3,500) | July 22, 2005 |
| DKK | Euros | 2,728,000 | .1343 | (1,400) | July 22, 2005 |
| EUR | AUD | 2,903,000 | .1569 | (19,000) | July 22, 2005 |
| EUR | SGD | 609,000 | 2.023 | 1,000 | July 22, 2005 |

**ITEM 4. CONTROLS AND PROCEDURES**

We have established disclosure controls and procedures that are designed to ensure that the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934, as amended (the "Act"), is recorded, processed, summarized and reported in a timely manner. Specifically, these controls and procedures ensure that the information is accumulated and communicated to our executive management team, including our chief executive officer and our chief financial officer, to allow timely decisions regarding required disclosure.

Management conducted an evaluation, as of June 30, 2005, of the effectiveness of the design and operation of our disclosure controls and procedures, under the supervision and with the participation of our chief executive officer and chief financial officer. Based upon that evaluation, our chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material Company information required to be disclosed by us in reports filed under the Act.

In addition, there have been no changes in the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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**PART II OTHER INFORMATION**

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

The 2005 Annual Meeting of Shareholders of Gartner, Inc. was held on June 29, 2005.
A total of 84,060,407 of the Company's Class A shares and 21,009,342 Class B shares were present or represented by proxy at the meeting. This represented 93.8% and 92.9% of the Company's Class A and Class B shares outstanding, respectively. The following matters were voted on and approved:

1. The individual named below was elected to a three-year term as a Class III Common A Director:

| Name | Votes Received | Votes Withheld |
|---|---|---|
| William O. Grabe | 81,394,134 | 2,666,273 |

2. The individuals named below were elected to a three-year term as a Class III Common B Director:

| Name | Votes Received | Votes Withheld |
|---|---|---|
| Eugene A. Hall | 20,454,563 | 554,779 |
| Max D. Hopper | 20,282,194, | 727,148 |
| James C. Smith | 20,477,233 | 532,109 |

3. Amend & Restate our Restated Certificate of Corporation:

| Class Voting | For | Against | Abstain |
|---|---|---|---|
| Class A | 76,943,347 | 136,205 | 34,967 |
| Class B | 15,986,327 | 52,973 | 6,611 |
| A&B Combined | 92,929,674 | 189,178 | 41,578 |

4. Eliminate our Classified Board Structure: 104,660,610 for, 356,303 against and 49,316 abstain.

5. Amend and Restate our 2003 Long Term Incentive Plan: 79,853,229 for, 9,556,532 against and 3,747,147 abstain.

6. Buy Back Certain Outstanding Stock Options that are "Out of the Money": 75,078,718 for, 17,990,694 against and 87,496 abstain.

**ITEM 6. EXHIBITS**

(a) Exhibits

| EXHIBIT NUMBER | DESCRIPTION OF DOCUMENT |
|---|---|
| 31.1 | Certification of chief executive officer under Section 302 of the Sarbanes-Oxley Act of 2002. |

| EXHIBIT NUMBER | DESCRIPTION OF DOCUMENT |
|---|---|
| 31.2 | Certification of chief financial officer under Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certification under Section 906 of the Sarbanes-Oxley Act of 2002. |

Items 1, 2, 3 and 5 of Part II are not applicable and have been omitted.

SIGNATURE

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

| | |
|---|---|
| | Gartner, Inc. |
| Date August 9, 2005 | /s/ Christopher Lafond |
| | Christopher Lafond<br>Executive Vice President<br>and Chief Financial Officer<br>(Principal Financial and<br>Accounting Officer) |

**Exhibit 31.1**

## CERTIFICATION

I, Eugene A. Hall, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Gartner, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)), for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Eugene A. Hall

Eugene A. Hall
Chief Executive Officer
August 9, 2005

**Exhibit 31.2**

**CERTIFICATION**

I, Christopher Lafond, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Gartner, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher Lafond

Christopher Lafond
Chief Financial Officer
August 9, 2005

**Exhibit 32**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Gartner, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), as Chief Executive Officer of the Company and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eugene A. Hall
Name: Eugene A. Hall
Title: Chief Executive Officer
Date: August 9, 2005

/s/ Christopher Lafond
Name: Christopher Lafond
Title: Chief Financial Officer
Date: August 9, 2005

A signed original of this written statement required by Section 906 has been provided to Gartner, Inc. and will be retained by Gartner, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.