

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

July 31, 2003

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Date of Report (Date of earliest event reported)  
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GARTNER, INC

-----  
(Exact Name of Registrant as Specified in Its Charter)

Delaware

1-14443

04-3099750

-----  
(State or Other Jurisdiction of  
Incorporation)

(Commission File No.)

(IRS Employer  
Identification No.)

P.O. Box 10212  
56 Top Gallant Road  
Stamford, CT 06902-7747

-----  
(Address of Principal Executive Offices, Including Zip Code)

(203) 316-1111

-----  
(Registrant's telephone number, including area code)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

EXHIBIT NO.

DESCRIPTION

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99.1 Press Release issued July 31, 2003, with  
respect to financial results for Gartner, Inc. for  
the quarter ended June 30, 2003.

ITEM 9. REGULATION FD DISCLOSURE AND INFORMATION PROVIDED UNDER ITEM 12  
("RESULTS OF OPERATIONS AND FINANCIAL CONDITION").

The information contained in this Item 9 is furnished pursuant to Item 12 of Form 8-K "Results of Operations and Financial Condition," in accordance with SEC Release No. 33-8216. This information and the exhibit hereto are being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended. The information contained in this report shall not be incorporated by reference into any filing of Gartner, Inc. with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

On July 31, 2003, Gartner, Inc. announced financial results for the quarter ended June 30, 2003, the full text of which is attached hereto as Exhibit 99.1.

The attached press release contains a non-GAAP financial measure. For purposes of the Securities and Exchange Commission's Regulation G, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with accounting principles generally accepted in the United States ("GAAP"). In the attached press release, Gartner, Inc. uses the non-GAAP measures of normalized EPS. This non-GAAP financial measure is provided

to enhance the reader's overall understanding of Gartner's current financial performance and prospects for the future. Gartner believes normalized EPS is an important measure of Gartner's recurring operations as it excludes items that may not be indicative of our core operating results. Normalized EPS is based on net income, excluding other charges, gains and losses on investments, and gains from the sale of certain assets. In the attached press release, a reconciliation of normalized net income and normalized EPS to GAAP net income and GAAP net income per share is provided under "Supplemental Information" at the end of the release.

SIGNATURES

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

GARTNER, Inc.

Date: July 31, 2003

By: /s/ Maureen E. O'Connell

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Maureen E. O'Connell  
Executive Vice President, Chief Financial and  
Administrative Officer

EXHIBIT INDEX

| EXHIBIT NO. | DESCRIPTION  |
|-------------|--|
| 99.1        | Press Release issued July 31, 2003, with respect to financial results for Gartner, Inc. for the quarter ended June 30, 2003. |

Gartner Reports Second Quarter 2003 Results;  
Increases Share Repurchase Authorization by \$75 Million

STAMFORD, Conn.--(BUSINESS WIRE)--July 31, 2003--Gartner, Inc. (NYSE: IT and ITB), the world's leading technology research and advisory firm, today reported results for the second quarter and six months ended June 30, 2003.

Results for the quarter were in line with the Company's prior guidance:

- Total revenue was \$213 million, a decrease of 10% from the prior year period.
- On a GAAP basis, net income was \$13 million, or \$0.13 per diluted share. Net income for the year ago quarter was \$18 million, or \$0.16 per diluted share.
- Normalized EPS was \$0.10 per diluted share, compared with \$0.17 per diluted share a year ago. Normalized EPS is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a further discussion of normalized EPS.
- Second quarter total revenue increased 4% sequentially from the first quarter of 2003, and normalized EPS rose to \$0.10 from \$0.04.

For the first six months of 2003:

- Total revenue was \$418 million, a 4% decline from the same period last year.
- On a GAAP basis, net income was \$11 million, or \$0.14 per diluted share. Net income for the same six months of 2002 was \$14 million, or \$0.15 per diluted share.
- Normalized EPS was \$0.14 per diluted share, compared with \$0.25 per diluted share a year ago. See "Non-GAAP Financial Measures" for a further discussion of normalized EPS.

Michael Fleisher, Gartner chairman and chief executive officer, stated, "The results for the second quarter of 2003 reflect a stabilization of our core Research business, which has been the major focus of Gartner's investment strategy and sales efforts this year. These developments validate our strategy of making moderate investments to stabilize and grow revenues in our core Research business in the near-term, while positioning Gartner for stronger growth in the future."

#### Share Repurchase Authorization Increased

The Board of Directors authorized an increase of \$75 million in the Gartner common share repurchase program, bringing the total authorization to date to \$200 million.

#### Business Segment Highlights

Research revenue was \$118 million for the second quarter of 2003, a decrease of 3% compared with the prior year period, but a sequential increase of 2% over the first quarter of 2003. For the 2003 first half, Research revenue was \$234 million, down 4% from a year ago. Contract value was \$468 million at June 30, 2003, decreasing 7% from a year ago. On a sequential basis the decrease in contract value was only 1% from the prior quarter. Client retention in Research improved as compared to the first quarter, reaching 75%. Wallet share, a measure of dollar retention in the Research business remained strong at 83% for the first two quarters of this year.

Consulting revenue for the recent quarter was \$67 million, decreasing 8% from the same 2002 period, but rising 8% sequentially over the first quarter of 2003. For the first six months of this year, Consulting revenue decreased 7% to \$128 million from the first six months of 2002. The Consulting backlog was \$91 million at June 30, 2003, versus \$98 million at March 31, 2003.

Events revenue was \$25 million for the 2003 second quarter, compared with \$38 million in the year-ago period. The decrease was due to the timing of the Spring Symposium, which was held in the first quarter this year, instead of the second quarter as in 2002. Comparing the first six months of 2003 and 2002, which included the Spring Symposium in both periods, Events revenue increased 3% to \$49 million.

Gartner maintained a strong cash position of \$167 million at June

30, 2003, compared with \$110 million at December 31, 2002. During the recent quarter, the Company repurchased \$17 million in common stock, or \$24 million year to date.

#### Business Outlook

Maureen O'Connell, chief financial and administrative officer, said, "We are starting to see traction in the Research business from our recent strategies, especially our efforts to focus the sales force on building client relationships with companies over \$1 billion in sales. Research contract value, while not yet growing, is decreasing at a slower rate. Wallet share, stands at 83%, maintaining the 300 basis point gain made last quarter. And we have recorded \$20 million or more in new Research business for the 11th consecutive quarter. "

For full calendar 2003, the Company is maintaining its previous full year guidance.

For the third quarter ending September 30, 2003, the Company is targeting:

- Total revenue of approximately \$193 million to \$204 million.
- Research revenue of approximately \$114 million to \$116 million.
- Consulting revenue of approximately \$63 million to \$70 million.
- Events revenue of approximately \$13 to \$15 million.
- Other revenue of approximately \$3 million.
- GAAP and Normalized EPS of \$0.05 to \$0.08 per share on 128 million diluted shares. See "Non-GAAP Financial Measures" for a further discussion of normalized EPS.

#### Conference Call Information

The Company has scheduled a conference call at 10:00 a.m. ET on Thursday, July 31, 2003, to discuss the Company's financial results. The conference call will also be available via the Internet by accessing Gartner's web site at [www.gartner.com/investors](http://www.gartner.com/investors). A replay of the webcast will be available for 30 days following the call.

#### About Gartner:

Gartner, Inc. is a research and advisory firm that helps more than 10,000 clients leverage technology to achieve business success. Gartner's businesses are Research, Consulting, Measurement, Events and Executive Programs. Founded in 1979, Gartner is headquartered in Stamford, Conn., and has more than 3,800 associates, including approximately 1,000 research analysts and consultants, in more than 75 locations worldwide. Revenue for calendar year 2002 totaled \$888 million. For more information, visit [www.gartner.com](http://www.gartner.com).

#### Non-GAAP Financial Measures

Investors are cautioned that normalized EPS information contained in this press release is not a financial measure under generally accepted accounting principles. In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with generally accepted accounting principles. This non-GAAP financial measure is provided to enhance the user's overall understanding of the Company's current financial performance and the Company's prospects for the future. We believe normalized EPS is an important measure of our recurring operations because it excludes items that may not be indicative of our core operating results. Normalized EPS is based on net income, excluding other charges, gains and losses from investments and gains from the sale of certain assets. See "Supplemental Information" at the end of this release for a reconciliation of GAAP net income and EPS to normalized net income and EPS.

#### Safe Harbor Statement

This press release contains statements regarding the Company's business outlook, the development of the Company's services, the demand for the Company's products and services and all other statements in this release other than recitation of historical facts are forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). Such forward-looking statements

include risks and uncertainties; consequently, actual results may differ materially from those expressed or implied thereby. Factors that could cause actual results to differ materially include, but are not limited to: ability to expand or even retain the Company's customer base in light of the adverse current economic conditions, including the impact of the September 11 terrorist attacks; the war in Iraq; ability to grow or even sustain revenue from individual customers in light of the adverse impact of the current economic conditions on overall IT spending; the duration and severity of the current economic slowdown; ability to attract and retain professional staff of research analysts and consultants upon whom the Company is dependent; ability to achieve and effectively manage growth, particularly as the Company seeks to reduce its overall workforce; ability to achieve continued customer renewals and achieve new contract value, backlog and deferred revenue growth in light of competitive pressures; ability to integrate operations of possible acquisitions; ability to carry out the Company's strategic initiatives and manage associated costs; ability to manage the Company's strategic partnerships; rapid technological advances which may provide increased indirect competition to the Company from a variety of sources; substantial competition from existing competitors and potential new competitors; risks associated with intellectual property rights important to the Company's products and services; additional risks associated with international operations including foreign currency fluctuations; and other risks listed from time to time in the Company's reports filed with the Securities and Exchange Commission, including the Company's Transitional Report on Form 10-KT for the three month transitional period ended December 31, 2002. These filings can be found on Gartner's Web site at [www.gartner.com/investors](http://www.gartner.com/investors) and the SEC's Web site at [www.sec.gov](http://www.sec.gov). Forward-looking statements included herein speak only as of the date hereof and the Company disclaims any obligation to revise or update such statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or circumstances.

GARTNER, INC.  
Condensed Consolidated Statements of Operations  
(Unaudited, in thousands, except per share amounts)

|  | Three Months Ended |           |      | Six Months Ended |            |      |
|--|--------------------|-----------|------|------------------|------------|------|
|  | June 30,           |           |      | June 30,         |            |      |
|  | 2003               | 2002      |      | 2003             | 2002       |      |
| Revenues:                                |                    |           |      |                  |            |      |
| Research                                 | \$117,793          | \$121,619 | -3%  | \$ 233,517       | \$ 244,354 | -4%  |
| Consulting                               | 66,525             | 72,611    | -8%  | 128,304          | 138,504    | -7%  |
| Events                                   | 25,292             | 38,438    | -34% | 48,801           | 47,538     | 3%   |
| Other                                    | 3,708              | 3,489     | 6%   | 6,978            | 6,856      | 2%   |
| Total revenues                           | 213,318            | 236,157   | -10% | 417,600          | 437,252    | -4%  |
| Costs and expenses:                      |                    |           |      |                  |            |      |
| Cost of services and product Development | 103,440            | 106,045   | -2%  | 205,773          | 194,386    | 6%   |
| Selling, general and administrative      | 80,730             | 84,412    | -4%  | 164,234          | 170,444    | -4%  |
| Depreciation                             | 8,964              | 10,577    | -15% | 18,789           | 20,921     | -10% |
| Amortization of intangibles              | 338                | 445       | -24% | 743              | 948        | -22% |
| Other charges (1)                        | -                  | -         |      | 5,426            | 17,246     | -69% |
| Total costs and expenses                 | 193,472            | 201,479   | -4%  | 394,965          | 403,945    | -2%  |
| Operating income                         | 19,846             | 34,678    | -43% | 22,635           | 33,307     | -32% |
| Gain (loss) on investments               | 5,491              | (2,532)   | F    | 5,522            | (2,454)    | F    |
| Interest (expense), net                  | (5,542)            | (5,282)   | 5%   | (11,154)         | (10,613)   | 5%   |
| Other (expense) income, net              | (39)               | 452       | U    | 496              | 436        | 14%  |
| Income before income taxes               | 19,756             | 27,316    | -28% | 17,499           | 20,676     | -15% |
| Provision for income taxes               | 6,902              | 9,061     | -24% | 6,157            | 6,737      | -9%  |
| Net income                               | \$ 12,854          | \$ 18,255 | -30% | \$ 11,342        | \$ 13,939  | -19% |

|                                      |         |         |      |         |         |      |
|--------------------------------------|---------|---------|------|---------|---------|------|
| Basic income per common share        | \$ 0.16 | \$ 0.22 | -27% | \$ 0.14 | \$ 0.17 | -18% |
| Diluted income per common share      | \$ 0.13 | \$ 0.16 | -19% | \$ 0.14 | \$ 0.15 | -7%  |
| Weighted average shares outstanding: |         |         |      |         |         |      |
| Basic                                | 79,234  | 83,719  | -5%  | 79,863  | 84,166  | -5%  |
| Diluted                              | 127,959 | 132,299 | -3%  | 128,260 | 132,645 | -3%  |

SUPPLEMENTAL INFORMATION

|                    |         |         |      |         |         |      |
|--------------------|---------|---------|------|---------|---------|------|
| Normalized EPS (2) | \$ 0.10 | \$ 0.17 | -41% | \$ 0.14 | \$ 0.25 | -44% |
|--------------------|---------|---------|------|---------|---------|------|

(1) Other charges for 2003 are for costs associated with a reduction in workforce. Other charges for 2002 include costs/losses associated with a reduction in facilities (\$10.0 million), a reduction in workforce (\$5.8 million), and the write-off of certain database related assets (\$1.4 million).

(2) Normalized net income & EPS is based on net income, excluding other charges, gains and losses on investments, and gains from the sale of certain assets. We believe normalized EPS is an important measure of our recurring operations. See "Supplemental Information" at the end of this release for a reconciliation from GAAP net income and EPS to Normalized net income and EPS and a discussion of the reconciling items.

GARTNER, INC.  
Consolidated Balance Sheets  
(in thousands)

|  | June 30,<br>2003 | December 31,<br>2002 |      |
|--|------------------|----------------------|------|
| -----<br>(unaudited)                         |                  |                      |      |
| <b>ASSETS</b>                                |                  |                      |      |
| Cash and cash equivalents                    | \$166,685        | \$109,657            | 52%  |
| Fees receivable, net                         | 226,086          | 283,068              | -20% |
| Deferred commissions                         | 22,167           | 25,016               | -11% |
| Prepaid expenses and other current assets    | 20,954           | 30,425               | -31% |
| -----  |                  |                      |      |
| TOTAL CURRENT ASSETS                         | 435,892          | 448,166              | -3%  |
| Property & equipment, net                    | 63,460           | 71,006               | -11% |
| Goodwill & intangible assets, net            | 228,447          | 226,114              | 1%   |
| Other assets                                 | 72,000           | 71,018               | 1%   |
| -----  |                  |                      |      |
| TOTAL ASSETS                                 | \$799,799        | \$816,304            | -2%  |
| =====  |                  |                      |      |
| <b>Liabilities and Stockholders' Deficit</b> |                  |                      |      |
| Accounts payable and accrued liabilities     | \$133,226        | \$140,891            | -5%  |
| Deferred revenues                            | 287,645          | 305,887              | -6%  |
| -----  |                  |                      |      |
| TOTAL CURRENT LIABILITIES                    | 420,871          | 446,778              | -6%  |
| Other liabilities                            | 48,556           | 46,688               | 4%   |
| Long-term convertible debt                   | 362,201          | 351,539              | 3%   |
| -----  |                  |                      |      |
| TOTAL LIABILITIES                            | 831,628          | 845,005              | -2%  |
| Total Stockholders' Deficit                  | (31,829)         | (28,701)             | 11%  |
| -----  |                  |                      |      |
| TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT    | \$799,799        | \$816,304            | -2%  |
| =====  |                  |                      |      |

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



|   | Six Months Ended<br>June 30, |           |
|---|------------------------------|-----------|
|   | 2003                         | 2002      |
|   | -----                        | -----     |
| Operating activities:   |                              |           |
| Net income  | \$ 11,342                    | \$ 13,939 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                              |           |
| Depreciation and amortization of intangibles                                      | 19,532                       | 21,869    |
| Non-cash compensation   | 511                          | 595       |
| Tax benefit associated with employee exercise of stock options                    | -                            | 1,338     |
| Deferred taxes  | 68                           | (665)     |
| (Gain) loss from investments and sales of assets, net                             | (5,522)                      | 1,961     |
| Accretion of interest and amortization of debt issue costs                        | 11,781                       | 11,048    |
| Non-cash charges associated with impairment of long-lived assets                  | -                            | 1,424     |
| Changes in assets and liabilities:  |                              |           |
| Fees receivable, net  | 64,051                       | 61,689    |
| Deferred commissions  | 3,345                        | 8,240     |
| Prepaid expenses and other current assets   | 11,313                       | 21,607    |
| Other assets  | (1,543)                      | 7,822     |
| Deferred revenues   | (26,314)                     | (30,990)  |
| Accounts payable and accrued liabilities  | (10,390)                     | (7,966)   |
|   | -----                        | -----     |
| Cash provided by operating activities   | 78,174                       | 111,911   |
|   | -----                        | -----     |
| Investing activities:   |                              |           |
| Proceeds from insurance recovery  | 5,464                        | -         |
| Purchases of businesses   | -                            | (3,960)   |
| Proceeds from sale of assets  | -                            | 239       |
| Investments   | (1,500)                      | -         |
| Additions to property, equipment and leasehold improvements                       | (9,765)                      | (9,320)   |
|   | -----                        | -----     |
| Cash used in investing activities   | (5,801)                      | (13,041)  |
|   | -----                        | -----     |
| Financing activities:   |                              |           |
| Proceeds from stock issued for stock plans  | 2,575                        | 14,736    |
| Payments for debt issuance costs  | (220)                        | (238)     |
| Purchase of treasury stock  | (23,504)                     | (33,063)  |
|   | -----                        | -----     |
| Cash used in financing activities   | (21,149)                     | (18,565)  |
|   | -----                        | -----     |
| Net increase in cash and cash equivalents   | 51,224                       | 80,305    |
| Effects of exchange rates on cash and cash equivalents                            | 5,804                        | 2,152     |
| Cash and cash equivalents, beginning of period                                    | 109,657                      | 27,431    |
|   | -----                        | -----     |
| Cash and cash equivalents, end of period  | \$166,685                    | \$109,888 |
|   | =====                        | =====     |

SELECTED STATISTICAL DATA  
(Dollars In thousands)

|                               | June 30,<br>2003 | June 30,<br>2002 |
|-------------------------------|------------------|------------------|
|                               | -----            | -----            |
| Research contract value       | \$468,470        | \$502,937        |
| Consulting backlog            | \$ 90,958        | \$124,382        |
| Research client organizations | 8,696            | 9,226            |

BUSINESS SEGMENT DATA  
(Dollars in thousands)

|                            | Revenue   | Direct<br>Expense | Gross<br>Contribution | Contrib.<br>Margin |
|----------------------------|-----------|-------------------|-----------------------|--------------------|
|                            | -----     | -----             | -----                 | -----              |
| Three Months Ended 6/30/03 |           |                   |                       |                    |
| Research                   | \$117,793 | \$ 42,392         | \$ 75,401             | 64%                |
| Consulting                 | 66,525    | 43,782            | 22,743                | 34%                |
| Events                     | 25,292    | 14,760            | 10,532                | 42%                |
| Other                      | 3,708     | 1,116             | 2,592                 | 70%                |
|                            | -----     | -----             | -----                 |                    |
| TOTAL                      | \$213,318 | \$102,050         | \$111,268             | 52%                |
|                            | =====     | =====             | =====                 |                    |

|                            |           |           |           |     |
|----------------------------|-----------|-----------|-----------|-----|
| Three Months Ended 6/30/02 |           |           |           |     |
| Research                   | \$121,619 | \$ 41,975 | \$ 79,644 | 65% |
| Consulting                 | 72,611    | 44,855    | 27,756    | 38% |
| Events                     | 38,438    | 20,692    | 17,746    | 46% |
| Other                      | 3,489     | 1,121     | 2,368     | 68% |
|                            | -----     | -----     | -----     |     |
| TOTAL                      | \$236,157 | \$108,643 | \$127,514 | 54% |
|                            | =====     | =====     | =====     |     |

|                          |           |           |           |     |
|--------------------------|-----------|-----------|-----------|-----|
| Six Months Ended 6/30/03 |           |           |           |     |
| Research                 | \$233,517 | \$ 84,466 | \$149,051 | 64% |
| Consulting               | 128,304   | 84,676    | 43,628    | 34% |
| Events                   | 48,801    | 29,869    | 18,932    | 39% |
| Other                    | 6,978     | 2,018     | 4,960     | 71% |
|                          | -----     | -----     | -----     |     |
| TOTAL                    | \$417,600 | \$201,029 | \$216,571 | 52% |
|                          | =====     | =====     | =====     |     |

|                          |           |           |           |     |
|--------------------------|-----------|-----------|-----------|-----|
| Six Months Ended 6/30/02 |           |           |           |     |
| Research                 | \$244,354 | \$ 81,726 | \$162,628 | 67% |
| Consulting               | 138,504   | 88,215    | 50,289    | 36% |
| Events                   | 47,538    | 25,567    | 21,971    | 46% |
| Other                    | 6,856     | 2,958     | 3,898     | 57% |
|                          | -----     | -----     | -----     |     |
| TOTAL                    | \$437,252 | \$198,466 | \$238,786 | 55% |
|                          | =====     | =====     | =====     |     |

SUPPLEMENTAL INFORMATION

EPS Reconciliation - GAAP to Normalized  
(in thousands, except per share data)

|                                  |                             |         |           |          |         |         |
|----------------------------------|-----------------------------|---------|-----------|----------|---------|---------|
|                                  | Three Months Ended June 30, |         |           |          |         |         |
|                                  | -----                       |         |           | -----    |         |         |
|                                  | 2003                        |         |           | 2002     |         |         |
|                                  | -----                       |         |           | -----    |         |         |
|                                  | After-Tax                   |         | After-Tax |          |         |         |
|                                  | Income                      | Shares  | Income    | Shares   | EPS     |         |
|                                  | -----                       | -----   | -----     | -----    | -----   | -----   |
| GAAP Basic EPS                   | \$12,854                    | 79,234  | \$ 0.16   | \$18,255 | 83,719  | \$ 0.22 |
| Share equivalents from stock     |                             |         |           |          |         |         |
| Compensation shares              |                             | 413     | (0.00)    |          | 2,929   | (0.01)  |
| Convertible long-term debt       | 3,323                       | 48,312  | (0.03)    | 3,132    | 45,651  | (0.05)  |
| GAAP Diluted EPS                 | \$16,177                    | 127,959 | \$ 0.13   | \$21,387 | 132,299 | \$ 0.16 |
| (Gain) loss from investments (1) | (3,317)                     |         | (0.03)    | 1,670    |         | 0.01    |
| Normalized net income & EPS      | \$12,860                    | 127,959 | \$ 0.10   | \$23,057 | 132,299 | \$ 0.17 |

|                                  |                           |         |           |          |         |         |
|----------------------------------|---------------------------|---------|-----------|----------|---------|---------|
|                                  | Six Months Ended June 30, |         |           |          |         |         |
|                                  | -----                     |         |           | -----    |         |         |
|                                  | 2003                      |         |           | 2002     |         |         |
|                                  | -----                     |         |           | -----    |         |         |
|                                  | After-Tax                 |         | After-Tax |          |         |         |
|                                  | Income                    | Shares  | Income    | Shares   | EPS     |         |
|                                  | -----                     | -----   | -----     | -----    | -----   | -----   |
| GAAP Basic EPS                   | \$11,342                  | 79,863  | \$ 0.14   | \$13,939 | 84,166  | \$ 0.17 |
| Share equivalents from stock     |                           |         |           |          |         |         |
| Compensation shares              |                           | 440     | (0.00)    |          | 3,164   | (0.01)  |
| Convertible long-term debt       | 6,567                     | 47,957  | (0.00)    | 6,190    | 45,315  | (0.01)  |
| GAAP Diluted EPS                 | \$17,909                  | 128,260 | \$ 0.14   | \$20,129 | 132,645 | \$ 0.15 |
| (Gain) loss from investments (1) | (3,317)                   |         | (0.03)    | 1,620    |         | 0.01    |
| Other charges (2)                | 3,635                     |         | 0.03      | 11,382   |         | 0.09    |
| Gain from sale of assets (3)     | -                         |         | -         | (325)    |         | (0.00)  |

Normalized net  
income & EPS            \$18,227   128,260   \$ 0.14   \$32,806   132,645   \$ 0.25

General Notes  
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- - - Normalized net income & EPS is based on net income, excluding other charges, gains and losses on investments, and gains from the sale of certain assets. We believe normalized EPS is an important measure of our recurring operations.

- - - The normalized effective tax rate was 33% for 2003 periods and 34% for 2002 periods.

Footnotes  
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(1) The 2003 gain from investments includes a pre-tax \$5.5 million insurance recovery relating to previous losses incurred associated with the sale of a business. The 2002 loss from investments includes a pre-tax \$2.5 million impairment charge on investments.

(2) Other charges for 2003 are for costs associated with a reduction in workforce. Other charges for 2002 include pre-tax costs/losses associated with a reduction in facilities (\$10.0 million), a reduction in workforce (\$5.8 million), and the write-off of certain database related assets (\$1.4 million).

(3) The 2002 gain from the sale of assets was caused by the sale of certain assets associated with a product line resulting in a \$0.5 million pre-tax gain recorded in Other (expense) income, net during the first calendar quarter of 2002.

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