Financial Statements

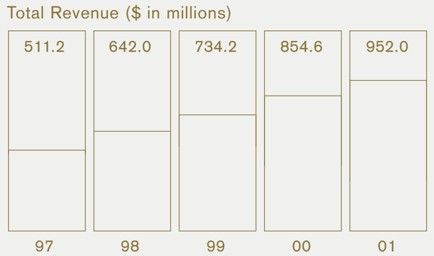
Financial Highlights

Fiscal Year Ended September 30, (in thousands, except per share, employee and client data)	2001	2000	1999	1998	1997
Total revenues[1]	$ 952,042	$ 854,594	$ 734,234	$ 641,957	$ 511,239
Income (loss) from continuing operations[1]	$ (220)	$ 54,853	$ 88,271	$ 88,347	$ 73,130
Pro forma EBITDA[2]	$ 142,317	$ 124,974	$ 188,427	$ 178,628	$ 134,814
Earnings (loss) per common share:					
Basic, as reported	$ (0.77)	$ 0.30	$ 0.87	$ 0.88	$ 0.77
Diluted, as reported	$ (0.77)	$ 0.29	$ 0.84	$ 0.84	$ 0.71
Diluted, from continuing operations[1]	$ 0.00	$ 0.62	$ 0.84	$ 0.84	$ 0.71
Weighted average shares outstanding (diluted)	85,862	89,108	104,603	105,699	102,751

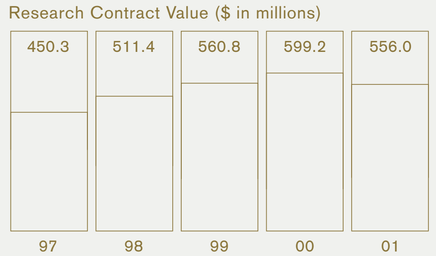
As of September 30,	2001	2000	1999	1998	1997
Research client organizations[3]	9,687	10,014	8,692	9,144	8,124
Research contract value	$ 555,983	$ 599,169	$ 560,779	$ 511,422	$ 450,276
Consulting backlog	$ 118,988	$ 105,466	$ 71,620	$ 42,687	$ 26,831
Events deferred revenue	$ 70,541	$ 72,212	$ 51,442	$ 30,958	$ 21,212
Employees	4,281	4,322	3,402	2,972	2,885

[1] Excludes TechRepublic, a unit sold in fiscal 2001.
[2] Pro forma EBITDA is defined as operating income excluding depreciation, amortization and other charges.
[3] Excludes Datapro and GartnerLearning.

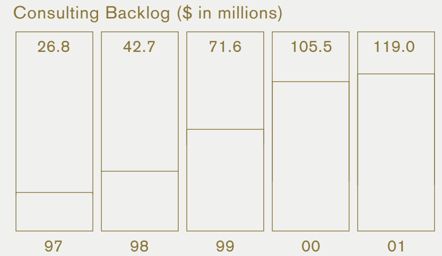
Total Revenue ($ in millions)



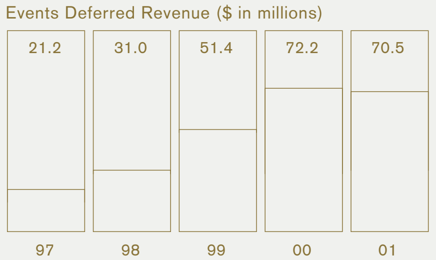
Research Contract Value ($ in millions)



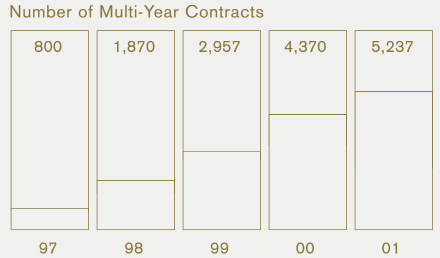
Consulting Backlog ($ in millions)



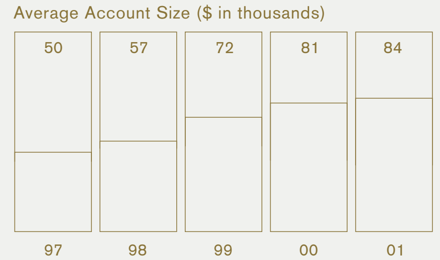
Events Deferred Revenue ($ in millions)



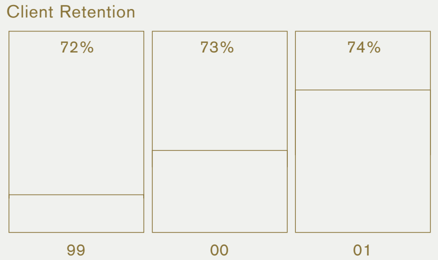
Number of Multi-Year Contracts



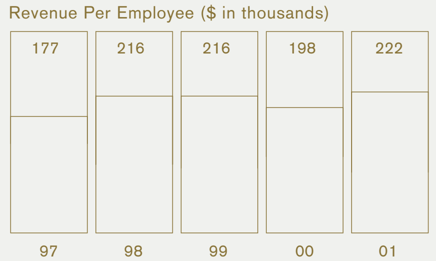
Average Account Size ($ in thousands)



Client Retention



Revenue Per Employee ($ in thousands)



Segment Gross Contribution ($ in millions)

	1999	2000	2001
Research	336.9	341.1	352.6
Consulting	55.9	75.6	86.9
Events	32.5	50.6	63.6
Other	12.2	11.2	4.2
Total	437.5	478.5	507.3

Report by Management

Management's Responsibility for Financial Reporting

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

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

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

The independent auditors for fiscal 2001, 2000 and 1999, KPMG LLP, audit and render an opinion on the financial statements in accordance with generally accepted auditing standards. These standards include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

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

Regina Paolillo

Regina M. Paolillo
Executive Vice President & Chief Financial Officer

Stamford, Connecticut
October 29, 2001

Independent Auditors' Report

To the Board of Directors and Stockholders—Gartner, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Gartner, Inc. and subsidiaries as of September 30, 2001 and 2000, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the years in the three-year period ended September 30, 2001. Such consolidated financial statements and our report thereon dated October 29, 2001, expressing an unqualified opinion (which are not included herein), are included in the Company's Annual Report on Form 10-K.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements of Gartner, Inc. and subsidiaries is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

New York, New York
October 29, 2001

Condensed Consolidated Statements of Operations

Year Ended September 30, (dollars in thousands, except per share data)	2001	2000	1999
Revenues:			
Research	$ 535,114	$ 509,781	$ 479,045
Consulting	265,450	208,810	149,840
Events	132,684	108,589	75,581
Other	18,794	27,414	29,768
Total revenues	952,042	854,594	734,234
Costs and expenses:			
Cost of services and product development	439,629	387,746	293,612
Selling, general and administrative	370,096	341,874	252,195
Depreciation	40,873	27,839	21,592
Amortization of intangibles	12,367	13,004	10,041
Other charges	46,563	—	23,426
Total costs and expenses	909,528	770,463	600,866
Operating income	42,514	84,131	133,368
Net gain (loss) on sale of investments	(640)	29,630	—
Net loss from minority-owned investments	(26,817)	(775)	(846)
Interest income (expense), net	(20,775)	(20,964)	8,246
Other expense, net	(3,674)	(722)	(1,521)
Income (loss) from continuing operations before income taxes	(9,392)	91,300	139,247
Provision (benefit) for income taxes	(9,172)	36,447	50,976
Income (loss) from continuing operations	(220)	54,853	88,271
Discontinued operation:			
Loss from discontinued operation, net of taxes	(26,059)	(27,578)	—
Loss on disposal of discontinued operation, net of taxes	(39,924)	—	—
Loss from discontinued operation	(65,983)	(27,578)	—
Income (loss) before extraordinary item	(66,203)	27,275	88,271
Extraordinary loss on debt extinguishment, net of taxes	—	(1,729)	—
Net income (loss)	$ (66,203)	$ 25,546	$ 88,271
Net income (loss) per common share:			
Basic:			
Income from continuing operations	$ —	$ .63	$ .87
Loss from discontinued operation	(.30)	(.31)	—
Loss on disposal of discontinued operation	(.47)	—	—
Extraordinary loss	—	(.02)	—
Net income (loss)	$ (.77)	$ .30	$ .87
Diluted:			
Income from continuing operations	$ —	$ .62	$ .84
Loss from discontinued operation	(.30)	(.31)	—
Loss on disposal of discontinued operation	(.47)	—	—
Extraordinary loss	—	(.02)	—
Net income (loss)	$ (.77)	$ .29	$ .84
Weighted average shares outstanding:			
Basic	85,862	86,564	101,881
Diluted	85,862	89,108	104,603

The condensed financial information should be read in conjunction with the consolidated financial statements in the Company's Annual Report on Form 10-K.

Condensed Consolidated Balance Sheets

September 30, (dollars in thousands)	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	$ 37,128	$ 61,698
Marketable equity securities	3,250	35,404
Fees receivable, net	300,306	323,849
Deferred commissions	34,822	46,756
Prepaid expenses and other current assets	73,315	34,738
Net assets of discontinued operation	—	76,329
Total current assets	448,821	578,774
Property, equipment and leasehold improvements, net	100,288	88,402
Intangible assets, net	222,233	237,105
Other assets	67,660	68,080
Total assets	$ 839,002	$ 972,361
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 161,251	$ 191,465
Deferred revenues	351,263	384,966
Short-term debt	15,000	—
Total current liabilities	527,514	576,431
Long-term convertible debt	326,200	307,254
Other liabilities	19,806	13,856
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock	—	—
Common stock	59	59
Additional paid-in capital	342,216	333,828
Unearned compensation, net	(5,145)	(6,451)
Accumulated other comprehensive loss, net	(14,961)	(1)
Accumulated earnings	116,083	182,286
Treasury stock, at cost	(472,770)	(434,901)
Total stockholders' equity (deficit)	(34,518)	74,820
Total liabilities and stockholders' equity (deficit)	$ 839,002	$ 972,361

The condensed financial information should be read in conjunction with the consolidated financial statements in the Company's Annual Report on Form 10-K.

Condensed Consolidated Statements of Cash Flows

Year Ended September 30, (dollars in thousands)	2001	2000	1999
Operating activities:			
Net (loss) income	$ (66,203)	$ 25,546	$ 88,271
Adjustments to reconcile net (loss) income to cash provided by operating activities:			
Loss from discontinued operation	65,983	27,578	—
Depreciation and amortization of intangibles	53,240	40,843	31,633
Net loss (gain) from investments	27,457	(28,855)	846
Increase (decrease) in deferred revenues	(35,488)	36,993	57,270
Deferred tax (benefit) expense	(34,973)	(10,159)	6,648
Accretion of interest and amortization of debt issuance costs	20,802	9,520	—
Non-cash charges for impairment of long-lived assets	18,888	—	—
All other operating items	7,677	13,281	22,211
(Increase) decrease in net working capital	16,085	(10,416)	(62,964)
Cash provided by operating activities	73,468	104,331	143,915
Investing activities:			
Addition of property, equipment and leasehold improvements	(57,546)	(54,565)	(31,747)
Payments for businesses acquired (excluding cash acquired)	(12,011)	(115,162)	(57,769)
Proceeds from sale of marketable equity securities and other investments	14,437	91,516	—
Payments for investments	—	(20,427)	(13,960)
Net proceeds from sale of discontinued operation	10,501	—	—
Marketable debt securities sold, net	—	—	104,550
Cash (used in) provided by investing activities	(44,619)	(98,638)	1,074
Financing activities:			
Proceeds from issuance of debt	15,000	420,000	250,000
Payments on debt	—	(370,000)	—
Payments for debt issuance costs	(5,000)	(3,993)	(4,925)
Purchase of treasury stock	(37,893)	(49,877)	(345,819)
Proceeds from employee stock compensation plans	9,095	13,108	22,875
Net cash settlement on forward purchase agreement	(64)	(8,200)	(10,900)
Dividends paid	—	—	(125,016)
Cash (used in) provided by financing activities	(18,862)	1,038	(213,785)
Net increase (decrease) in cash and cash equivalents	9,987	6,731	(68,796)
Cash used by discontinued operation	(34,203)	(30,096)	—
Effect of exchange rates on cash and cash equivalents	(354)	(3,831)	(54)
Cash and cash equivalents, beginning of period	61,698	88,894	157,744
Cash and cash equivalents, end of period	$ 37,128	$ 61,698	$ 88,894

The condensed financial information should be read in conjunction with the consolidated financial statements in the Company's Annual Report on Form 10-K.

Financial Review

Fiscal Year 2001 Overview

- Total revenue from continuing operations rose 11% to $952.0 million, up from $854.6 million in fiscal 2000.
- Pro forma EBITDA (operating income excluding depreciation, amortization and other charges) grew 14% over fiscal 2000 to $142.3 million.
- Operating income (excluding other charges) grew 6% from a year ago.
- Earnings per share (excluding other charges, losses on investments, and certain one-time tax benefits) was $0.47 per fully diluted share, up from $0.42 per share in fiscal 2000.

Segment Results

Research consists primarily of annually renewable subscription-based contracts for research products which, on an ongoing basis, highlight industry developments, review new products and technologies, provide quantitative market research, analyze industry trends within a particular technology or market sector, and provide comparative analysis of the IT operations of organizations. Revenue increased 5% to $535.1 million in fiscal 2001 from $509.8 million in fiscal 2000. The performance of the research business reflects a continued high level of client retention, the migration of clients from legacy to user-based pricing, which now accounts for 84% of all eligible research contract value, increased penetration of new buying centers within existing clients, and growth in Gartner's Executive Programs. Gartner's Executive Programs provide top IT managers with personalized programs, one-on-one counseling, and exclusive research forums with peers, senior analysts and researchers. Ratable contract value, a key measure of potential future research revenue, was $556.0 million, down 7% from the prior year, due primarily to less favorable economic conditions which have led to constrained IT spending, the September 11th terrorist attacks, which occurred three weeks before fiscal year end, and the impact of foreign currency adjustments. After adjusting for foreign exchange, research contract value was down 4%.

In Consulting we customize and apply our research to assist clients in taking specific actions that create measurable value. Our consulting business is comprised of three distinct activities: consulting engagements; measurement engagements; and strategic advisory engagements. Consulting revenue grew 27% to $265.5 million in fiscal 2001 from $208.8 million in fiscal 2000, due to growth in the number of consulting engagements, increased project size, and higher average billing rates. Consulting backlog, which represents future revenues to be recognized on in-process consulting, measurement and strategic advisory services engagements, grew 13% to $119.0 million in fiscal 2001 from $105.5 million in fiscal 2000.

Events consists of symposia, theme conferences and exhibitions that provide comprehensive coverage of IT issues and forecasts of key IT industry segments, leveraging Gartner's proprietary intellectual content. The conference season begins each year with Gartner's flagship event—Symposia and ITxpo, held in the United States, Europe and the Asia/Pacific Rim. Revenue rose 22% to $132.7 million for fiscal 2001 from $108.6 million for fiscal 2000, due to growth in the number of exhibitors and increased prices for both exhibitors and attendees. Deferred revenue was $70.5 million, down 2% from a year ago, due primarily to less favorable economic conditions and the September 11th attacks.

Other Charges

Other charges in fiscal 2001 include $24.8 million associated with the workforce reduction announced in April 2001 and $21.8 million associated with the write-down of assets to net realizable value for certain unprofitable products and systems in connection with the launch of gartner.com and seat-based pricing. The other charges in fiscal 1999 included approximately $14.2 million for job eliminations and approximately $9.2 million for legal and advisory fees associated with the Company's recapitalization.

Cash Flow

Cash provided by operating activities totaled $73.5 million for fiscal 2001, a decrease from $104.3 million from fiscal 2000. The decline was primarily due to lower operating income which was impacted by termination payments associated with the workforce reduction and to changes in balance sheet accounts. Cash used in investing activities totaled $44.6 million for fiscal 2001, compared with $98.6 million for fiscal 2000. The decrease in cash used in investing activities was due primarily to less cash used for acquisitions and investments in fiscal 2001. Cash used in financing activities totaled $18.9 million for fiscal 2001, compared to cash provided of $1.0 million for fiscal 2000. The change from a year ago was due primarily to greater borrowings in fiscal 2000.

Divestitures

On July 2, 2001, the Company sold its subsidiary, TechRepublic, to CNET Networks, Inc. for approximately $23.0 million in cash and common stock of CNET, before reduction for certain termination benefits. During fiscal 2001, the Company recorded a pre-tax loss of $66.4 million ($39.9 million after tax) to recognize the loss on the sale. The Condensed Consolidated Financial Statements have been restated to reflect the disposition of TechRepublic as a discontinued operation.

Debt

On April 17, 2000, the Company issued and sold an aggregate of $300.0 million unsecured 6% convertible subordinated promissory notes due April 17, 2005 to Silver Lake Technology Management, LLC. Beginning on April 17, 2003, the principal amount of each note, plus accrued interest, may be redeemed or converted into Class A Common Shares of the Company. On April 17, 2001, the conversion price was reset to $7.45 per share. If the notes, plus accrued interest, were converted into shares based on the reset conversion price, the notes would be converted into approximately 43.9 million shares of Class A Common Stock at September 30, 2001. In addition, the Company has a senior revolving credit facility totaling a maximum aggregate principal amount of up to $200.0 million. At September 30, 2001, $15.0 million was outstanding under the revolving credit facility. A commitment fee of 0.30% to 0.50% is paid on the unused revolving credit amount. The weighted average interest rate on borrowings was 6.8% for the year ended September 30, 2001.

Stock Repurchase

On July 19, 2001, the Company announced that its Board of Directors had authorized the Company to repurchase up to $75 million of its Class A and Class B Common Stock. Repurchases will be made from time to time over the next two years, subject to the availability of the stock, prevailing market conditions, the market price of the stock, and the Company's financial condition. On August 29, 2001, the Company purchased 1.9 million shares of Class A common stock from IMS Health, Inc. at $9.88 per share. During the fourth quarter, the Company purchased an additional 458,960 shares of Class A and Class B common stock in the open market, at an average price of $9.42 per share.

Investments

Net loss from sale of investments of $0.6 million in fiscal 2001 reflects losses from the sale of shares of Jupiter Communications, Inc. and gains from the sale of other securities. The net gain on sale of investments of $29.6 million for fiscal 2000 reflects gains from the sale of shares of Jupiter of $42.9 million, offset partially by the loss on sale of the Company's 8% investment in NETg, Inc. of $6.6 million, and the loss from settlement of a claim arising from the sale of GartnerLearning of $6.7 million. The net loss from minority-owned investments of $26.8 million in fiscal 2001 represents the impairment of equity securities owned by the Company.

Quarterly Financial Data

Year Ended September 30, 2001 (dollars in thousands, except per share data)	1st	2nd	3rd	4th
Revenues	$ 255,615	$ 224,756	$ 247,566	$ 224,105
Operating income (loss)[1]	$ 30,180	$ 8,021	$ (3,459)	$ 7,772
Income (loss) from continuing operations[2]	$ 17,697	$ (1,382)	$ (10,219)	$ (6,316)
Income (loss) from discontinued operation, net of taxes	$ (13,800)	$ (52,198)	$ 1,765	$ (1,750)
Net income (loss)[2]	$ 3,897	$ (53,580)	$ (8,454)	$ (8,066)
Diluted earnings (loss) per common share[3]:				
Income (loss) from continuing operations	$ 0.20	$ (0.02)	$ (0.12)	$ (0.08)
Income (loss) on discontinued operation	$ (0.16)	$ (0.60)	$ 0.02	$ (0.02)
Net income (loss)	$ 0.04	$ (0.62)	$ (0.10)	$ (0.10)

Year Ended September 30, 2000 (dollars in thousands, except per share data)	1st	2nd	3rd	4th
Revenues	$ 222,897	$ 193,318	$ 220,825	$ 217,554
Operating income	$ 32,718	$ 13,736	$ 20,086	$ 17,591
Income from continuing operations	$ 16,464	$ 11,204	$ 11,870	$ 15,315
Loss from discontinued operation, net of taxes	—	$ (8,417)	$ (9,488)	$ (9,673)
Extraordinary loss on debt extinguishment, net of taxes	—	—	—	$ (1,729)
Net income	$ 16,464	$ 2,787	$ 2,382	$ 3,913
Diluted earnings (loss) per common share[3]:				
Income from continuing operations	$ 0.18	$ 0.12	$ 0.13	$ 0.17
Loss on discontinued operation	—	$ (0.09)	$ (0.10)	$ (0.11)
Extraordinary loss on extinguishment of debt	—	—	—	$ (0.02)
Net income	$ 0.18	$ 0.03	$ 0.03	$ 0.04

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

Corporate Information

Principal Officers & Executives

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

Regina M. Paolillo
Executive Vice President
& Chief Financial Officer

Robert E. Knapp
Executive Vice President,
Research & Advisory Services

Steven Tait
Executive Vice President,
Sales & Client Operations

Zachary Morowitz
Senior Vice President,
Corporate Development

Design: Cahan & Associates, San Francisco

Worldwide Offices

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06904
(203) 316-1111
www.gartner.com

West Coast Headquarters
San Jose, California

Europe Headquarters
Egham, United Kingdom

Asia Headquarters
Tokyo, Japan

Pacific Headquarters
Sydney, Australia

Gartner has offices in more than 90 locations worldwide. Addresses, phone and fax numbers can be found on the Company's web site at www.gartner.com.

Stock Listing

Shares of Gartner's Class A and Class B Common Stock are traded on the New York Stock Exchange under the symbols IT and IT/B, respectively.

Stock Transfer Agent & Registrar

Please direct communications and questions regarding individual stock records, address changes or lost certificates to:

Mellon Investor Services LLC
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660
(888) 767-9449
www.melloninvestor.com

Independent Auditors

KPMG LLP
345 Park Avenue
New York, NY 10154

Form 10-K

A copy of the Company's Annual Report on Form 10-K for the year ended September 30, 2001, and other interim financial reports may be obtained, without charge, by contacting Gartner Investor Relations at (203) 316-6537 or by viewing these reports online at www.gartner.com or www.sec.gov.

Investor Information

Gartner's web site and the Investor Relations page on the corporate web site (www.gartner.com/investors) contain background on the Company and our products, services and events, financial information, SEC filings and other useful information. Investor inquiries and requests for further investor information, including additional annual reports, should be directed to Gartner Investor Relations at (203) 316-6537 or to investorrelations@gartner.com.

Web Sites

www.gartner.com
www.gartnerg2.com

Domestic Subsidiaries

Computer & Communications Information Group, Inc. d/b/a Datapro Information Services
Computer Financial Consultants, Inc.
Dataquest Incorporated
Griggs-Anderson, Inc.
The Research Board, Inc.
Vision Events International, Inc.
The Warner Group

Safe Harbor Statement

This document includes forward-looking statements, which are based on the Company's current expectations and projections of future results. Words such as "anticipates," "intends," "plans," "believes," "estimates," "expects," and similar expressions are used to identify forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). These statements include risks, uncertainties and assumptions, including—but not limited to—the risk factors listed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001, and other periodic filings with the Securities and Exchange Commission. Consequently, actual results could differ materially from those expressed in any forward-looking statements.

New risks and uncertainties come up from time to time and the Company cannot predict these events or their impact. All forward-looking statements made by the Company speak only as of the date on which they are made. The Company disclaims any obligation to review or update these statements to reflect events or circumstances as they occur.

This report is in summary format and is intended to present our 2001 fiscal year results in a simple, readable style. The detailed operational and financial material included in a traditional annual report is a part of the Gartner, Inc. Annual Report on Form 10-K for the fiscal year ended September 30, 2001, which was distributed to stockholders simultaneously with this report. A copy may be obtained from Gartner's Investor Relations department.

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