

GARTNER GROUP, INC.
OPERATING RESULTS

(Dollars in thousands, except per share data)

	Three Months Ended			Fiscal Year Ended		
	Sept. 30 1999	(1) 1998	% Change	Sept. 30 1999	(1) 1998	% Change
Revenues						
Research	\$122,549	\$113,072	8	\$479,045	\$433,141	11
Services	46,290	34,432	34	149,840	110,955	35
Events	9,409	6,957	35	75,581	49,121	54
Other	<u>8,620</u>	<u>11,332</u>	(24)	<u>29,768</u>	<u>30,664</u>	(3)
Ongoing revenues	186,868	165,793	13	734,234	623,881	18
Learning	<u>0</u>	<u>2,940</u>		<u>0</u>	<u>18,076</u>	
Total revenues	186,868	168,733	11	734,234	641,957	14
Operating expenses						
Cost of services	74,899	66,491	13	289,053	247,913	17
SG&A	<u>71,950</u>	<u>60,825</u>	18	<u>252,423</u>	<u>215,928</u>	17
Total expenses	146,849	127,316	15	541,476	463,841	
EBITDA	40,019	41,417	(3)	192,758	178,116	8
	21.4%	24.5%		26.3%	27.7%	
Depreciation	5,603	5,088	10	21,592	17,909	21
Amort. of intangibles	<u>2,705</u>	<u>2,282</u>	19	<u>10,041</u>	<u>9,357</u>	7
Operating expense	155,157	134,686	15	573,109	491,107	17
EBIT (excl. one-time charges)	31,711	34,047	(7)	161,125	150,850	7
Op. margin (excl. one-time charges)	17.0%	20.2%		21.9%	23.5%	
Loss on sale of Gartner Learning	0	1,973		0	1,973	
Acquisition-related charge	0	(1,800) (b)		0	4,494 (b)	
Other charges	<u>24,206 (a)</u>	<u>0</u>		<u>30,130 (a)</u>	<u>2,819 (c)</u>	
Operating income	7,505	33,874	(78)	130,995	141,564	(7)
Interest income, net	604	2,706	(78)	8,252	9,557	(14)
Income before taxes	8,109	36,580	(78)	139,247	151,121	(8)
Provision for income taxes	<u>5,183</u>	<u>16,958</u>	(69)	<u>50,976</u>	<u>62,774</u>	(19)
Net income	<u>\$2,926</u>	<u>\$19,622</u>	(85)	<u>\$88,271</u>	<u>\$88,347</u>	(0)
Basic earnings per c/s	<u>\$0.03</u>	<u>\$0.19</u>	(84)	<u>\$0.86</u>	<u>\$0.88</u>	(2)
Diluted earnings per c/s	<u>\$0.03</u>	<u>\$0.19</u>	(84)	<u>\$0.84</u>	<u>\$0.84</u>	0
Basic weighted avg. shares	99,574	101,511	(2)	102,226	100,194	2
Diluted weighted avg. shares	101,802	105,937	(4)	104,948	105,699	(1)
Normalized to exclude certain one-time items (d)						
Net income	\$20,488	\$23,943	(14)	\$107,386	\$98,249	9
Diluted earnings per common share	\$0.20	\$0.23	(13)	\$1.02	\$0.93	10

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BALANCE SHEET DATA

(Dollars in thousands)

	As of Sept. 30 1999	As of Sept. 30 1998	% Change
Assets			
Cash & mktbl. securities	\$88,894	\$218,684	(59)
Fees receivable, net	282,047	239,243	18
Other current assets	<u>61,243</u>	<u>53,152</u>	15
Total current assets	432,184	511,079	(15)
Long-term mktbl. securities	0	43,610	U
Intangibles, net	223,100	155,786	43
Other assets	<u>148,160</u>	<u>122,396</u>	21
Total assets	<u>\$803,444</u>	<u>\$832,871</u>	(4)
Liabilities & Stockholders' Equity			
Other current liabilities	\$119,104	\$126,822	(6)
Deferred revenues	354,517	288,013	23
Long-term debt	250,000	0	U
Other liabilities	<u>5,337</u>	<u>3,098</u>	72
Total liabilities	728,958	417,933	74
Total stockholders' equity	<u>74,486</u>	<u>414,938</u>	(82)
Total liab. and s/hs' equity	<u>\$803,444</u>	<u>\$832,871</u>	(4)

SELECTED STATISTICAL DATA

(Dollars in thousands)

	As of Sep. 30 1999	1998	% Change
Research/ratable contract value	\$560,779	\$511,422	10
Total contract value	\$684,611	\$596,736	15
Backlog	\$71,620	\$42,687	68
Deferred Revenue - Events	\$51,442	\$30,958	66
Client organizations	9,692	9,144	6

REVIEW FOOTNOTES

(1) Revenues have been reclassified to conform with new revenue presentation format.

(a) Charges relate to the recapitalization, workforce reduction and employee retention program.

(b) In-process R&D costs associated with acquisition of Interpose, Inc. (charge reduced in the fourth quarter).

(c) Charge related to establishment of Ft. Myers, Florida finance facility

(d) Normalized to exclude other charges and one-time tax benefit of \$2.5 million in fiscal 1999 and the loss on sale of GartnerLearning and acquisition related charges in fiscal 1998.

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