

GARTNER GROUP, INC.
CONSOLIDATED INCOME STATEMENT

(Dollars in thousands, except per share data)

	<u>Three Months Ended</u>			<u>Fiscal Year Ended</u>		
	<u>Sept. 30,</u> <u>2000</u>	<u>Sept. 30,</u> <u>1999</u>		<u>Sept. 30,</u> <u>2000</u>	<u>Sept. 30,</u> <u>1999</u>	
REVENUES:						
Research	\$ 128,647	\$ 122,549	5%	\$ 509,781	\$ 479,045	6%
Consulting services	68,110	46,290	47%	208,810	149,840	39%
Events	13,401	9,409	42%	108,589	75,581	44%
TechRepublic	2,316	-	F	4,077	-	F
Other	7,396	8,620	-14%	27,414	29,768	-8%
Total revenues	<u>219,870</u>	<u>186,868</u>	<u>18%</u>	<u>858,671</u>	<u>734,234</u>	<u>17%</u>
OPERATING EXPENSES:						
Cost of services & product development	108,802	74,899	45%	398,773	289,053	38%
Selling, general & administrative	92,019	71,489	29%	337,970	251,571	34%
Other charges (a)	-	24,206	F	17,501	30,130	F
Depreciation	8,231	5,603	47%	28,332	21,592	31%
Amortization of intangibles	10,465	2,705	U	27,736	10,041	176%
Total operating expenses	<u>219,517</u>	<u>178,902</u>	<u>23%</u>	<u>810,312</u>	<u>602,387</u>	<u>35%</u>
Operating income (EBIT)	353	7,966	-96%	48,359	131,847	-63%
Net gain on sale of investments (b)	11,451	-	F	29,630	-	F
Equity losses from minority-owned investments	(546)	(461)	U	(775)	(852)	F
Interest income (expense), net	(4,355)	604	U	(21,146)	8,252	U
Income before provision for income taxes	<u>6,903</u>	<u>8,109</u>	<u>-15%</u>	<u>56,068</u>	<u>139,247</u>	<u>-60%</u>
Provision for income taxes	1,276	5,183	-75%	28,809	50,976	-43%
Income before extraordinary item	<u>5,627</u>	<u>2,926</u>	<u>92%</u>	<u>27,259</u>	<u>88,271</u>	<u>-69%</u>
Loss on debt extinguishment, net of taxes (c)	<u>(1,729)</u>	<u>-</u>	<u>U</u>	<u>(1,729)</u>	<u>-</u>	<u>U</u>
Net income	<u>\$ 3,898</u>	<u>\$ 2,926</u>	<u>33%</u>	<u>\$ 25,530</u>	<u>\$ 88,271</u>	<u>-71%</u>
Earnings per common share:						
Basic	\$ 0.05	\$ 0.03	67%	\$ 0.29	\$ 0.86	-66%
Diluted	\$ 0.04	\$ 0.03	33%	\$ 0.29	\$ 0.84	-65%
Weighted avg. common shares outstanding						
Basic	86,074	99,574	-14%	86,985	102,226	-15%
Diluted	88,396	101,802	-13%	89,529	104,948	-15%
SUPPLEMENTAL INFORMATION						
EBITDA (excludes other charges)	\$ 19,049	\$ 40,480	-53%	\$ 121,928	\$ 193,610	-37%
Cash EPS						
Net income	\$ 3,898	\$ 2,926	33%	\$ 25,530	\$ 88,271	-71%
Amortization (net of tax benefit)	9,738	2,214	340%	25,226	8,113	211%
Adjusted net income	<u>\$ 13,636</u>	<u>\$ 5,140</u>	<u>165%</u>	<u>\$ 50,756</u>	<u>\$ 96,384</u>	<u>-47%</u>
Cash EPS (diluted)	<u>\$ 0.15</u>	<u>\$ 0.05</u>	<u>200%</u>	<u>\$ 0.57</u>	<u>\$ 0.92</u>	<u>-38%</u>

FOOTNOTES

- (a) FY00 charges reflect employee retention program and FY99 charges relate to the IMS Health recapitalization and corporate reorganization.
- (b) FY00 fourth quarter reflects a gain on sale of 600,000 shares of Jupiter Media Metrix (JMXI). YTD net gain reflects a gain of \$42.9 million on the sale of 1,995,950 shares of JMXI, offset by a \$6.6 million loss on the sale of NETg Inc. stock and a \$6.7 million charge for the negotiated settlement of a joint venture agreement associated with the sale of Gartner Learning.
- (c) FY00 fourth quarter reflects a \$2.9 million charge (net of a tax benefit of \$1.2 million) related to the write-off of debt acquisition costs associated with the extinguishment of the term loan.

GARTNER GROUP, INC.

BALANCE SHEET DATA
(Dollars in thousands)

	<u>Sept. 30, 2000</u>	<u>Sept. 30, 1999</u>	
ASSETS			
Cash	\$ 61,698	\$ 88,894	-31%
Marketable equity securities	35,404	-	F
Fees receivable, net	326,359	282,047	16%
Other current assets	89,407	61,243	46%
TOTAL CURRENT ASSETS	<u>512,868</u>	<u>432,184</u>	19%
Property & equipment, net	91,259	63,592	44%
Intangible assets, net	314,785	223,100	41%
Other assets	78,520	84,568	-7%
TOTAL ASSETS	<u>\$ 997,432</u>	<u>\$ 803,444</u>	24%
LIABILITIES & SHAREHOLDERS' EQUITY			
Deferred revenues	\$ 385,932	\$ 354,517	9%
Other current liabilities	195,009	119,104	64%
TOTAL CURRENT LIABILITIES	<u>580,941</u>	<u>473,621</u>	23%
Other liabilities	31,298	5,337	U
Long-term debt	307,254	250,000	23%
TOTAL LIABILITIES	<u>919,493</u>	<u>728,958</u>	26%
Total shareholders' equity	77,939	74,486	5%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>\$ 997,432</u>	<u>\$ 803,444</u>	24%

	<i>Sept. 30, 2000</i>	<i>Sept. 30, 1999</i>	
SELECTED STATISTICAL DATA			
<i>(Dollars in thousands)</i>			
Research contract value	\$ 599,169	\$ 560,779	7%
Backlog	\$ 94,441	\$ 71,620	32%
Deferred revenue - Events	\$ 72,212	\$ 51,442	40%
Research client organizations	10,014	9,692	3%
TechRepublic registered users	942,000	137,000	588%
TechRepublic subscribers	9,500	4,500	111%

BUSINESS SEGMENT DATA

(Dollars in thousands)

	Revenue	Direct Expense	Gross Contribution	Contrib. Margin
Three Months Ended 9/30/00				
Research	\$ 128,647	\$ 43,914	\$ 84,733	66%
Consulting services	68,110	40,141	27,969	41%
Events	13,401	8,334	5,067	38%
TechRepublic	2,316	13,679	(11,363)	-491%
Other	7,396	4,917	2,479	34%
TOTAL	<u>\$ 219,870</u>	<u>\$ 110,985</u>	<u>\$ 108,885</u>	<u>50%</u>

	Revenue	Direct Expense	Gross Contribution	Contrib. Margin
Three Months Ended 9/30/99				
Research	\$ 122,549	\$ 36,812	\$ 85,737	70%
Consulting services	46,290	26,957	19,333	42%
Events	9,409	6,228	3,181	34%
TechRepublic	-	-	-	
Other	8,620	5,803	2,817	33%
TOTAL	<u>\$ 186,868</u>	<u>\$ 75,800</u>	<u>\$ 111,068</u>	<u>59%</u>

	Revenue	Direct Expense	Gross Contribution	Contrib. Margin
Fiscal Year Ended 9/30/00				
Research	\$ 509,781	\$ 168,720	\$ 341,061	67%
Consulting services	208,810	133,158	75,652	36%
Events	108,589	57,985	50,604	47%
TechRepublic	4,077	24,405	(20,328)	-499%
Other	27,414	16,183	11,231	41%
TOTAL	<u>\$ 858,671</u>	<u>\$ 400,451</u>	<u>\$ 458,220</u>	<u>53%</u>

	Revenue	Direct Expense	Gross Contribution	Contrib. Margin
Fiscal Year Ended 9/30/99				
Research	\$ 479,045	\$ 142,126	\$ 336,919	70%
Consulting services	149,840	93,983	55,857	37%
Events	75,581	43,049	32,532	43%
TechRepublic	-	-	-	
Other	29,768	17,616	12,152	41%
TOTAL	<u>\$ 734,234</u>	<u>\$ 296,774</u>	<u>\$ 437,460</u>	<u>60%</u>

(Note: segment expenses include cost of services, depreciation and select G&A expenses.)