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

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
FOR THE QUARTER ENDED JUNE 30, 1998

OR

[ ] 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 0-015144

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

Delaware	04-3099750
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
P.O. Box 10212 56 Top Gallant Road Stamford, CT	06904-2212
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports 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 [X] NO [ ].

The number of shares outstanding of the Registrant's capital stock as of June 30, 1998 was 101,584,309 shares of Common Stock, Class A.

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PART I FINANCIAL INFORMATION
Item 1 Financial Statements

GARTNER GROUP, INC.

Consolidated Balance Sheets
(In thousands, except share data)

	June 30, 1998	September 30, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 140,218	$ 142,415
Marketable securities	50,822	28,639
Fees receivable, net	213,722	205,760
Deferred commissions	17,076	23,019
Prepaid expenses and other current assets	34,122	25,775
Total current assets	455,960	425,608
Long-term marketable securities	59,140	17,691
Property, equipment and leasehold improvements, net	50,548	44,102
Intangible assets, net	151,583	132,195
Other assets	56,111	25,716
Total assets	$ 773,342	$ 645,312
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 86,806	$ 85,411
Commissions payable	9,915	16,979
Accrued bonuses payable	6,450	15,722
Deferred revenues	253,118	254,071
Total current liabilities	356,289	372,183
Long-term deferred revenues	2,010	3,259
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	--	--
Common stock: $.0005 par value	57	54
Additional paid-in capital	257,288	179,017
Cumulative translation adjustment	(3,110)	(1,098)
Accumulated earnings	173,863	105,138
Treasury stock, at cost	(13,055)	(13,241)
Total stockholders' equity	415,043	269,870
Total liabilities and stockholders' equity	$ 773,342	$ 645,312

See accompanying notes.

GARTNER GROUP, INC.

Consolidated Statements of Operations
(In thousands, except per share data)

	For the three months ended June 30,		For the nine months ended June 30,	
	1998	1997	1998	1997
Revenues:				
Advisory and measurement	$121,659	$ 98,480	359,181	$286,618
Learning	5,193	3,993	15,136	13,194
Other, principally consulting and conferences	34,140	23,876	98,907	71,029
Total revenues	160,992	126,349	473,224	370,841
Costs and expenses:				
Cost of services and product development	62,861	48,451	181,422	144,256
Selling, general and administrative	55,582	44,491	155,103	123,785
Acquisition-related charge	--	--	6,294	--
Nonrecurring charges	--	--	2,819	--
Depreciation	4,617	3,060	12,821	8,312
Amortization of intangibles	2,470	1,505	7,075	4,507
Total costs and expenses	125,530	97,507	365,534	280,860
Operating income	35,462	28,842	107,690	89,981
Interest income, net	2,200	2,157	6,851	5,227
Income before provision for income taxes	37,662	30,999	114,541	95,208
Provision for income taxes	14,680	12,544	45,816	39,511
Net income	$ 22,982	$ 18,455	$ 68,725	$ 55,697
Earnings per common share:				
Basic	$0.23	$0.19	$0.69	$0.59
Diluted	$0.22	$0.18	$0.65	$0.55
Weighted average common shares outstanding:				
Basic	101,272	95,326	99,755	94,277
Diluted	106,477	102,653	105,675	102,124

See accompanying notes.

GARTNER GROUP, INC.

Condensed Consolidated Statements of Cash Flows
(In thousands)

	For the nine months ended June 30, 1998	1997
Operating activities:		
Cash provided by operating activities	$ 62,273	$ 62,880
Investing activities:		
Payment for businesses acquired (excluding cash acquired)	(23,610)	(8,308)
Additions of property, equipment and leasehold improvements, net	(17,685)	(14,267)
Marketable securities (purchased) sold, net	(63,632)	1,937
Investments in unconsolidated subsidiaries	(17,024)	(8,283)
Loans to officers	(2,475)	(7,163)
Other investing	--	(3)
Cash used in investing activities	(124,426)	(36,087)
Financing activities:		
Issuance of common stock	35,379	13,558
Net cash settlement on forward purchase agreement	(7,599)	--
Sale of treasury stock	186	176
Tax benefits of stock transactions with employees	33,080	26,145
Cash provided by financing activities	61,046	39,879
Net (decrease) increase in cash and cash equivalents	(1,107)	66,672
Effects of foreign exchange rates on cash and cash equivalents	(1,090)	(1,657)
Cash and cash equivalents, beginning of period	142,415	96,755
Cash and cash equivalents, end of period	$ 140,218	$ 161,770

See accompanying notes.

GARTNER GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Interim Consolidated Financial Statements

These interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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 Group, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 1997. 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 nine month periods ended June 30, 1998 may not be indicative of the results of operations for the remainder of fiscal 1998.

Note 2 - Acquisitions

In April 1998, the Company acquired all the assets and assumed the liabilities of AICC Consultores, S.A., and AICC Technology, S.A., ("AICC") for $2.4 million in cash. AICC provides information technology consulting services and distributes information technology research products in Argentina and Chile. The acquisition was accounted for by the purchase method, and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately $1.7 million.

In addition, in May 1998 the Company acquired all the assets and assumed the liabilities of The Research Board, Inc., for $6.4 million in cash and $5.7 million in Class A Common Stock of the Company. The Research Board compiles and provides information technology ("IT") research on suppliers and new technologies, validated management practices and IT best practices to its membership, which consist principally of senior IT executives. The acquisition was accounted for by the purchase method, and the purchase price has been allocated to the assets acquired and the liabilities assumed, based upon estimated fair values at the date of acquisition. The excess purchase price over the fair value of amounts assigned to the net tangible assets acquired was approximately $12.9 million.

Note 3 - Subsequent Event, Agreement to Sell GartnerLearning

On July 27, 1998, the Company announced an agreement to sell GartnerLearning, a subsidiary of the Company that provides training and services for information technology professionals, to Harcourt Brace, a publishing and educational subsidiary of Harcourt General, Inc. Under the terms of the agreement, the Company will receive an 8 percent equity interest in a newly formed entity plus other considerations. The newly formed entity will comprise of Harcourt Brace's NETg unit and GartnerLearning. The transaction is expected to close in the fourth quarter subject to customary conditions to closing, including certain regulatory approvals. Management does not expect the transaction to have a material impact on the Company's financial position.

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion and analysis below contains trend analysis and other 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. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors set forth below under "Quarterly Operating Income Trends," "Other Factors that May Affect Future Performance" and elsewhere in this report.

RESULTS OF OPERATIONS

The following table sets forth certain results of operations as a percentage of total revenues:

	For the three months ended June 30,		For the nine months ended June 30,	
	1998	1997	1998	1997
Revenues:				
Advisory and measurement	75.6%	77.9%	75.9%	77.3%
Learning	3.2	3.2	3.2	3.6
Other, principally consulting and conferences	21.2	18.9	20.9	19.1
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses:				
Cost of services and product development	39.0	38.4	38.3	38.9
Selling, general and administrative	34.5	35.2	32.8	33.4
Acquisition-related charge	--	--	1.3	--
Nonrecurring charges	--	--	0.6	--
Depreciation	2.9	2.4	2.7	2.2
Amortization of intangibles	1.5	1.2	1.5	1.2
Total costs and expenses	77.9	77.2	77.2	75.7
Operating income	22.1	22.8	22.8	24.3
Interest income, net	1.4	1.7	1.4	1.4
Income before provision for income taxes	23.5	24.5	24.2	25.7
Provision for income taxes	9.1	9.9	9.7	10.7
Net income	14.4%	14.6%	14.5%	15.0%

TOTAL REVENUES increased 27% to $161.0 million for the third quarter of fiscal 1998 from $126.3 million for the third quarter of fiscal 1997. For the nine months ended June 30, 1998, total revenues were $473.2 million, up 28% from $370.8 million for the same period last fiscal year. The Company enters into annual renewable contracts for advisory (excluding consulting) and measurement services and learning products ("AML"). Advisory and measurement services encompass services 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 information technology operations of organizations. Learning represents technology-based training products and related services. Revenues from advisory and measurement services as well as learning are recognized as services and products are delivered, and as the Company's obligation to the client is completed over the contract period. Revenues from advisory and measurement services for the three months ended June 30, 1998 increased by 24% to $121.7 million from $98.5 million for the same period in 1997. Revenues from advisory and measurement services increased 25% to $359.2 million for the nine months ended June 30, 1998, compared to $286.6 million for the same period in the prior fiscal year. The increase in revenues from advisory and measurement services reflects a combination of increased penetration of the existing client base, investments in overseas distribution, global product expansion and incremental revenue from current and prior year acquisitions. Learning revenues for the third quarter of fiscal 1998 increased 30% to $5.2 million compared to $4.0 million for the third quarter of fiscal 1997. For the nine months ended June 30, 1998, learning revenues were $15.1 million, up 15% from $13.2 million for the same period in 1997.

Contract value increased 31% to $555.5 million at June 30, 1998 versus $423.7 million June 30, 1997. The Company believes that contract value, which is calculated as the annualized value of all AML contracts in effect at a given point in time, without regard to the duration of the contracts outstanding at such time, is a significant measure of the Company's volume of business. Historically, a substantial portion of client companies have renewed these services and products for an equal or higher level of total value each year, and annual revenues from these services in any fiscal year have approximated contract value at the beginning of the fiscal year. As of June 30, 1998, approximately 85% of the Company's clients had renewed one or more services in the last twelve months. However, this renewal rate is not necessarily indicative of the rate of retention of the Company's revenue base, and contract value at any time may not be indicative of future AML revenues or cash flows if the rate of renewal of contracts, or the timing of new business, were to significantly change during the following twelve months compared to historic patterns. Total deferred revenues of $255.1 million and $257.3 million at June 30, 1998 and September 30, 1997, respectively, as presented in the Company's Consolidated Balance Sheets, represent unamortized revenues from AML services and products plus unamortized revenues of certain other business products and services not included in AML services and products. Deferred revenues do not directly correlate to contract value as of the same date, since contract value represents an annualized value of all outstanding contracts without regard to the duration of such contracts, and deferred revenue represents unamortized revenue remaining on all outstanding contracts including AML and certain other services and products not included in AML revenue.

Other revenues for the third quarter of fiscal 1998 increased 43% to $34.1 million compared to $23.9 million for the third quarter of fiscal 1997. For the nine months ended June 30, 1998, other revenues were $98.9 million, up 39% from $71.0 million for the same period in the prior fiscal year. Other revenues consist principally of revenues from consulting engagements and conferences. The increase of $10.2 million for the third quarter of fiscal 1998 over the third quarter of fiscal 1997 was primarily the result of the introduction of two new conferences, an increase in related exhibit revenue and the continuing expansion of consulting services. Year to date, the increase in other revenues over the prior fiscal year is attributable to increased revenues from the Company's Symposia conferences and ITxpo exhibition events held annually during the first quarter of the fiscal year, new events and exhibit revenue as well as increased consulting revenues.

OPERATING INCOME increased 23% to $35.5 million, or 22% of total revenues, for the third quarter of fiscal 1998, from $28.8 million, or 23% of total revenues, for the third quarter of fiscal 1997. Operating income was $107.7 million for the nine months ended June 30, 1998, an increase of 20% over the $90.0 million for the same period in fiscal 1997. Operating income increased while investing in global product and distribution expansion as a result of continuing revenue growth. Excluding the acquisition-related charge of $6.3 million and the nonrecurring charges of $2.8 million in the second quarter of fiscal 1998, operating income for the nine months ended June 30, 1998 increased 30%, over the same period in the prior fiscal year.

Costs and expenses increased to $125.5 million in the third quarter of fiscal 1998 from $97.5 million in the third quarter of fiscal 1997. Year to date total costs and expenses, excluding the acquisition-related charge and nonrecurring charges, were $356.4 million compared to $280.9 million for the same period last fiscal year. The increase in costs and expenses over the prior fiscal year for both the three and nine month period ended June 30, 1998 primarily reflects an increase in staffing to support the advisory, measurement and consulting services and incremental costs associated with conferences. Cost of services and product development expenses were $62.9 million and $48.5 million for the third quarter of fiscal 1998 and 1997, respectively, and $181.4 million and $144.3 million for the nine months ended June 30, 1998 and 1997, respectively. Costs related to the delivery of advisory, measurement and learning services are treated as period costs which are expensed as incurred. Due to management's ability to control discretionary spending and variable costs linked to financial performance, costs of services and product development remained relatively unchanged as a percentage of total revenue for the three months and nine months ended June 30, 1998 compared to the same periods in the prior fiscal year. Selling, general and administrative expenses, which were $55.6 million and $44.5 million for the third quarter of fiscal 1998 and 1997, respectively, and $155.1 million and $123.8 million for the nine months ended June 30, 1998 and 1997, respectively, increased as a result of the Company's continuing expansion of worldwide distribution channels and additional general and administrative resources needed to support the growing revenue base. Although the Company has added general and administrative resources to support the growing revenue base, it has benefited from economies of scale and leveraging of its general and administrative staff and facilities. Consequently, selling, general and administrative expenses have remained relatively flat as a percentage of total revenues at 35% for the third quarter and 33% for the nine months ended June 30, 1998 and 1997. Additionally, during the second quarter of fiscal 1998, the Company incurred an acquisition-related charge from a $6.3 million write-off of purchased in-process research and development costs in connection with the acquisition of Interpose, Inc. and $2.8 million in nonrecurring charges related to the Company's relocation of certain accounting and order processing functions from Stamford, Connecticut to a new financial service center in Ft. Myers, Florida.

Depreciation expense and amortization expense increased by $1.6 million and $1.0 million, respectively, for the third quarter of fiscal 1998 as compared to the same period in fiscal 1997 as a result of capital spending required to support business growth and goodwill associated with recent acquisitions.

INTEREST INCOME, NET was $2.2 million for the third quarter of fiscal 1998 and the third quarter of fiscal 1997. For the nine months ended June 30, 1998 and 1997, interest income, net was $6.9 million and $5.2 million, respectively. The increase in interest income for the nine months ended June 30, 1998 is attributable to an increase in the cash made available from continuing operations and interest income accumulating on the Company's total cash, cash equivalents and marketable securities ($250.2 million at June 30, 1998, versus $192.9 million at June 30, 1997 and $188.7 million at September 30, 1997). Recent changes in the mix of investable funds to principally tax-free and tax-advantaged investments, which generally have lower interest rates compared to taxable investments, have resulted in a minimal increase in reported interest income for the three months ended June 30, 1998 compared to the same period in the prior fiscal year.

PROVISION FOR INCOME TAXES increased to $14.7 million compared to $12.5 million for the third quarter of fiscal 1997. The effective tax rate for the third quarter and year to date fiscal 1998 was approximately 39% and 40%, respectively, a decrease from 40% and 41% for the same periods in the prior fiscal year. The decrease in the effective tax rate is primarily the result of on-going tax planning initiatives.

DILUTED EARNINGS PER COMMON SHARE increased 22% to 22 cents per common share for the third quarter of fiscal 1998, compared to 18 cents per common share for the third quarter of fiscal 1997. For the nine months ended June 30, 1998 and 1997 diluted earnings per common share were 65 cents per common share and 55 cents per common share, respectively, an increase of 18%. Excluding the impact of the acquisition-related charge and nonrecurring charges, diluted earnings per share were 70 cents per common share for the nine months ended June 30, 1998. Basic earnings per common share increased 21% to 23 cents per common share for the third quarter of fiscal 1998 from 19 cents for the third quarter of fiscal 1997. Basic earnings per common share increased 17% to 69 cents per common share from 59 cents per common share for the nine months ended June 30, 1998 and 1997, respectively.

QUARTERLY OPERATING INCOME TRENDS. Historically, the Company has realized significant renewals and growth in contract value at the end of quarters. The fourth quarter of the fiscal year typically is the fastest growth quarter for contract value, as it is the quarter in which the largest amount of contact renewals are due, and the first quarter of the fiscal year typically represents the slowest growth quarter. As a result of the quarterly trends in contract value and overall business volume, fees receivable, deferred revenues, deferred commissions and commissions payable reflect this activity and typically show substantial increases at quarter end, particularly at fiscal year end. All AML contracts are billable upon signing, absent special terms granted on a limited basis from time to time. All contracts are non-cancelable and non-refundable, except for government contracts which have a 30-day cancellation clause, but which have not produced material cancellations to date. The Company's policy is to record at the time of signing of an AML contract the entire amount of the contract billable as deferred revenue and fees receivable. The Company also records the related commission obligation upon the signing of the contract and amortizes the corresponding deferred commission expense over the contract period in which the related AML revenues are earned and amortized to income.

Historically, AML revenues have increased significantly in the first quarter of the ensuing fiscal year over the immediately preceding quarter and other revenues have increased similarly due to annual conferences and exhibition events held in the first quarter. Additionally, operating income margin (operating income as a percentage of total revenues) typically improves in the first quarter of the fiscal year versus the immediately preceding quarter. The operating income margin improvement in the first quarter of the fiscal year is due to the increase in operating income generated on the first quarter Symposia and ITxpo exhibition events plus an increase in AML revenue upon which the Company is able to further leverage its selling, general and administrative expenses.

While operating margin less acquisition-related charge and nonrecurring charges is favorable versus the prior fiscal year, operating income margin generally is not as high in the third and fourth quarters of the fiscal year compared to the first and second quarters. In the current year to date, management's ability to control costs favorably impacted operating margin. Additionally, the Company historically does not increase its level of spending until after the first quarter of the fiscal year, when the rate of growth in revenues and contract value becomes known. As a result, growth in operating expenses has typically lagged behind growth in revenues within a given year, and operating income margin has generally been higher in the earlier quarters of the fiscal year.

OTHER FACTORS THAT MAY AFFECT FUTURE PERFORMANCE. The Company's future operating results will depend upon the Company's ability to continue to compete successfully in the market for information products and services. The Company faces competition from a significant number of independent providers of similar services, as well as the internal marketing and planning organizations of the Company's clients. The Company also competes indirectly against other information providers, including electronic and print media companies and consulting firms. In addition, there are limited barriers to entry into the Company's market and additional new competitors could readily emerge. There can be no assurance that the Company will be able to continue to provide the products and services that meet client needs as the Information Technology ("IT") market rapidly evolves, or that the Company can otherwise continue to compete successfully. In this regard, the Company's ability to compete is largely dependent upon the quality of its staff of IT analysts. Competition for qualified analysts is intense. There can be no assurance that the Company will be able to hire additional qualified IT analysts as may be required to support the evolving needs of customers or any growth in the Company's business. Any failure to maintain a premier staff of IT analysts could adversely affect the quality of the Company's products and services, and therefore its future business and operating results. Additionally, there may be increased business risk as the Company expands product and service offerings to smaller domestic companies. The Company's operating results are also subject to risks inherent in international sales, including changes in market demand as a result of exchange rate fluctuations, tariffs and other barriers, challenges in staffing and managing foreign sales operations, and higher levels of taxation on foreign income than domestic income. Further expansion would require additional management attention and financial resources.

The Company recently announced an agreement to sell GartnerLearning, a subsidiary of the Company that provides training and services for information technology professionals, to Harcourt Brace, a publishing and educational subsidiary of Harcourt General, Inc. Under the terms of the agreement, Gartner Group, Inc. will receive an 8 percent equity interest in a newly formed entity plus other considerations. The newly formed entity will comprise of Harcourt Brace's NETg unit and GartnerLearning. There can be no assurance that the Company will be able to disengage from the technology-based training industry and refocus on core industry products and services without impacting existing vendor, dealer and client relationships.

The Year 2000 Issue exists as the result of many computer systems and applications using two digit date fields rather than four to define the applicable year. As the century change occurs, date-sensitive systems will recognize the year 2000 as 1900, or not at all. This inability to recognize or properly treat the Year 2000 may cause systems to process critical financial and operational information incorrectly. The Company has assessed and continues to assess the impact of the Year 2000 on its operations. The Company believes, based upon its internal reviews and other factors, that there will be no interruption of operations and the future external and internal costs to be incurred relating to the modification of internal use software for the Year 2000 will not have a material effect on the Company's results of operations or financial position. Additionally, the Company has implemented a plan to assure that all computer software products sold by the Company will operate after December 31, 1999 without any material date-related defects or substantial changes in functionality. The cost to accomplish this is not expected to be material.

Liquidity and Capital Resources

The Company's continued focus on revenue and operating margin improvement has contributed to its ability to continue building cash and utilizing it to make strategic investments and acquisitions. As of June 30, 1998, total cash and cash equivalents and marketable securities (including both current and long-term maturities) increased to $250.2 million from $188.7 million at September 30, 1997. Cash provided by operating activities totaled $62.3 million for the first nine months of fiscal 1998 (compared to $62.9 million provided for the first nine months of fiscal 1997) reflecting primarily the impact of increased revenues and operating margins and related changes in the balance sheet accounts. Cash used in investing activities was $124.4 million for the first nine months of fiscal 1998 (compared to $36.1 million of cash used in the first nine months of fiscal 1997) due primarily to the purchase of marketable securities of $63.6 million, and acquisition and investments in consolidated and unconsolidated subsidiaries of $40.6 million. Cash provided by financing activities totaled $61.0 million for the nine months ended June 30, 1998 (compared to $39.9 million of cash provided for the nine months ended June 30, 1997) and resulted primarily from a net $33.1 million in non-cash tax benefit received from stock transactions with employees and $35.4 million from the issuance of common stock upon the exercise of employee stock options. The tax benefit of stock transactions with employees is due to a reduction in the corporate income tax liability based on an imputed compensation deduction equal to employees' gain upon the exercise of stock options at an exercise price below fair market. The total gross benefit for the nine months ended June 30, 1998, was $44.3 million, of which $11.2 million of the benefit has been recorded as a deferred tax benefit thereby resulting in a net tax benefit of $33.1 million for the nine months ended June 30, 1998. As additional stock options have become exercisable each fiscal year under the Company's stock option plans, both the volume of option exercises and gains on these exercises have increased, thereby resulting in significant tax benefits being received in the nine months ended June 30, 1998. The increase in cash provided by financing activities is offset by the $7.6 million in cash settlement on a forward purchase agreement. Forward purchase contracts on Gartner Group, Inc.'s common stock were originally established to facilitate the acquisition of 1,800,000 shares of common shares necessary to offset a portion of the shareholder dilution that will be created by the exercise of stock options reserved for issuance and granted under the Company's 1996 Long Term Stock Option Plan.

The effect of exchange rates reduced cash and cash equivalents by $1.1 million through the nine months ended June 30, 1998, and was due to the strengthening of the U.S. dollar versus certain foreign currencies. The Company has available two unsecured credit lines, with Chase Manhattan Bank and The Bank of New York for $25.0 million and $5.0 million, respectively. These lines may be canceled by the banks at any time without prior notice or penalty. Additionally, the Company issues letters of credit in the ordinary course of business. The Company had outstanding letters of credit with Chase Manhattan Bank of approximately $5.4 million and $2.0 million with The Bank of New York at June 30, 1998. The Company currently has no material capital commitments. The Company believes that its current cash balances and marketable securities, together with cash anticipated to be provided by operating activities and borrowings available under the existing lines of credit, will be sufficient for the expected short-term and foreseeable long-term cash needs of the Company, including possible acquisitions.

PART II OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On May 18, 1998, the Company issued 183,841 shares of Class A Common Shares as partial consideration for the assets of The Research Board, Inc., as more fully described in Note 2 to the Notes for the Consolidated Financial Statements. The securities were not registered under the Securities Act of 1933 as amended (the "Act"), in reliance on the exemption from registration provided by Rule 506 under the Act and Section 4(2) of the Act.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit Number	Description of Document
11.1	Computation of Basic and Diluted Earnings per Common Share
27.1	Financial Data Schedule

(b) No reports on Form 8-K were filed by the Registrant during the fiscal quarter ended June 30, 1998.

Items 1, 3, 4 and 5 are not applicable and have been omitted.

SIGNATURE

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 thereunto duly authorized.

Gartner Group, Inc.

Date August 14, 1998

/s/ John F. Halligan

John F. Halligan
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

Exhibit 11.1

Gartner Group, Inc.
Computation of Basic and Diluted Earnings per Common Share
(In thousands, except per share amounts)

	For the three months ended, June 30, 1998	1997	For the nine months ended, June 30, 1998	1997
Numerator:				
Net income	$ 22,982	$ 18,455	$ 68,725	$ 55,697
Denominator				
Denominator for basic earnings per share - weighted average number of common shares outstanding	101,272	95,326	99,755	94,277
Effect of dilutive securities:				
Weighted average number of common shares under warrant outstanding	388	245	368	278
Weighted average number of option shares outstanding	4,817	7,082	5,552	7,569
Dilutive potential common shares	5,205	7,327	5,920	7,847
Denominator for diluted earnings per share - adjusted weighted average number of common shares outstanding	106,477	102,653	105,675	102,124
Basic earnings per common share	$ 0.23	$ 0.19	$ 0.69	$ 0.59
Diluted earnings per common share	$ 0.22	$ 0.18	$ 0.65	$ 0.55

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The schedule contains summary financial information extracted from the
accompanying financial statements and is qualified in its entirety by reference
to such financial statements.

1,000
U.S. DOLLARS

9-MOS
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OCT-01-1997
JUN-30-1998
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68,725
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