

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

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended September 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 0-15144

Gartner Group, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-3099750
(I.R.S. Employer
Identification Number)

P.O. Box 10212
56 Top Gallant Road
Stamford, CT
(Address of principal executive offices)

06904-2212
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12 (g) of the Act:

Title of Class
Common Stock, Class A, \$.0005 Par Value

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
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ()

The aggregate market value of the voting stock held by persons other than those who may be deemed affiliates of the Company, as of November 30, 1998, was approximately \$1.2 billion. Shares of Common Stock held by each executive officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may under certain circumstances be deemed to be affiliates. This determination of executive

officer or affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of the Registrant's capital stock as of November 30, 1998 was 101,647,503 shares of Common Stock, Class A.

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Proxy Statement for the Annual Meeting of Stockholders of Registrant to be held on January 28, 1999. Certain information therein is incorporated by reference into Part III hereof.

PART I

ITEM 1. Business.

GENERAL

Gartner Group, Inc. ("Gartner Group" or the "Company"), founded in 1979, is the world's leading independent provider of research and analysis on the computer hardware, software, communications and related information technology ("IT") industries. The Company is organized into two business units: GartnerAdvisory and GartnerMeasurement. GartnerAdvisory services encompass products which provide research and analysis of significant IT industry trends and developments. GartnerMeasurement services encompass products which provide comprehensive assessments of cost performance, efficiency and quality for all areas of IT. The Company enters into annual renewable contracts for advisory and measurement services, and distributes such services through print and electronic media. The Company's primary clients are business professional users, purchasers and vendors of IT products and services. With more than 650 sales professionals in 80 locations, Gartner Group product offerings collectively provide comprehensive coverage of the IT industry to over 9,000 client organizations.

MARKET OVERVIEW

The explosion of complex IT products and services creates a growing demand for independent research and analysis. Furthermore, IT is increasingly important to organizations' business strategies as the pace of technological change has accelerated and the ability of an organization to integrate and deploy new information technologies is critical to its competitiveness. Companies planning their IT needs must stay abreast of rapid technological developments in a dynamic market where vendors continually introduce new products with a wide variety of standards and ever-shorter life cycles. As a result, IT professionals are making substantial financial commitments to IT systems and products and require independent, third-party research in order to make purchasing and planning decisions for their organization.

BUSINESS STRATEGY

The Company's objective is to maintain and enhance its market position as a leading provider of in-depth, value-added, proprietary research and analysis of the IT industry. The Company has adopted the following strategies to maintain its market position and expand its core business:

Focus on the IT Market. The Company targets as its clients corporate entities and other large users and vendors of information technologies. Users of Gartner Group's products and services include senior decision makers in information systems organizations and other IT professionals such as purchasing and data center managers. Vendors use market research data in order to evaluate competitive products and market opportunities.

Maintain Research and Analysis Excellence. Gartner Group's global network of research analysts is comprised of more than 800 professionals averaging ten years of industry experience. Clients rely on Gartner Group's proven research methodology to ensure consistent and comprehensive analysis in all areas of IT. The Company maintains five primary research centers located in Stamford, CT,

Santa Clara, CA, Windsor, England, Brisbane, Australia, Tokyo, Japan and a number of smaller, satellite research centers throughout the world.

Emphasize New Product Development and Strategic Acquisitions. The Company introduces new research and advisory products each year. New product ideas evolve from client inquiries, market need and through a multi-functional product strategy committee. Fiscal 1998 investments and acquisitions include: Interpose (1/98), a provider of total cost of ownership (TCO) measurement and analysis tools and training; The Research Board (5/98), which compiles and provides IT research on suppliers and new technologies; validated management practices and IT best practices to its membership, which consist principally of senior IT executives; and Vision Events International (9/98), which produces premiere channel events that serve to bring information technology vendors, value-added resellers, and system integrators together with vendors and distributors selling through these channels.

Increase Market Penetration. The Company has made substantial investments developing new markets and establishing a global network of direct sales personnel, independent sales representatives and distributors. This initiative is on-going and will continue to evolve with the expansion of the Company's product and service offerings and delivery options. Electronic delivery formats include CD-ROM, Lotus Notes, intranets and the Internet.

The Company believes that successful execution of these strategies will enable the Company to expand its client base in domestic and international markets and to penetrate its client base more effectively through a broader range of product offerings.

PRODUCTS AND SERVICES

Advisory and Measurement Services

The Company's principal products are annually renewable contracts for advisory and measurement services, which encompass 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 information technology operations of organizations.

2

GartnerAdvisory provides qualitative and quantitative research and analysis that clarifies decision-making for IT buyers, users and vendors. GartnerAdvisory consists of GartnerAnalytics, a provider of objective analysis that helps clients stay ahead of IT trends, directions and vendor strategies; and GartnerMarketDynamics, a provider of worldwide coverage of research, statistical analysis, growth projections and market share rankings of suppliers and vendors to IT manufacturers and the financial community. GartnerMeasurement provides benchmarking, continuous improvement and best practices services. The Company currently offers over 323 principal advisory and measurement services products. Each service is supported by a team of research staff members with substantial experience in the covered segment or topic of the IT industry. The Company's staff researches and prepares published reports and responds to telephone and E-mail inquiries from clients. Clients receive Gartner Group research and analysis on paper and through a number of electronic delivery formats.

The Company provides a number of other complementary products and services principally:

GartnerConsulting. Consulting services provide customized project consulting on the delivery, deployment and management of high-tech products and services. Principal practices of consulting services include Technical Architecture, Outsourcing Decision Support, Evolving High Technology Areas, Retainer Consulting Services and Vendor Consulting.

GartnerEvents. Industry conferences and events provide comprehensive coverage of IT issues and forecasts of key IT industry segments. The conference season begins each year with Symposia, held in the United States, Europe and the Asia/Pacific rim. These events are held in conjunction with ITxpo[™], a high technology learning lab. Additionally, the Company sponsors other conferences, seminars and briefings. Certain events are offered as part of a continuous services subscription; however, the majority of events are individually paid for prior to attendance.

The Company measures the volume of its advisory and measurement business based on contract value. The Company calculates contract value as the annualized value of all advisory and measurement contracts in effect at a given point in time, without regard to the duration of the contracts outstanding at such time. Historically, the Company has experienced that a substantial portion of client companies have renewed these services for an equal or higher level of total payments each year, and annual revenues from these services in any fiscal year have closely correlated to contract value at the beginning of the fiscal year. As of September 30, 1998, approximately 85 percent of the Company's clients had renewed one or more of these 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 advisory and measurement revenues or cash flows if the rate of renewal of advisory and measurement services and products or the timing of new business were to significantly change during the following twelve months compared to historic patterns. Deferred revenues, as presented in the Company's balance sheets, represent unamortized revenues from billed advisory and measurement services and products plus unamortized revenues of certain other billed services and products not included in advisory and measurement. Therefore, deferred revenues do not directly correlate to contract value as of the same date since contract value represents an annualized value of all outstanding advisory and measurement contracts without regard to the duration of such contracts, and deferred revenues represents unamortized revenue remaining on all billed and outstanding advisory and measurement contracts including certain other billed services and products not included in advisory and measurement revenue.

There can be no assurance that the Company will be able to sustain such high renewal rates. Any deterioration in the Company's ability to generate significant new business would impact future growth in the Company's business. Moreover, a significant portion of the Company's new business in any given year has historically been generated in the last portion of the fiscal year. Accordingly, any such situation might not be apparent until late in the Company's fiscal year.

COMPETITION

The Company believes that the principal competitive factors in its industry are quality of research and analysis, timely delivery of information, customer service, the ability to offer products that meet changing market needs for information and analysis and price. The Company believes it competes favorably with respect to each of these factors.

The Company experiences competition in the market for information products and services from other 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 technology providers, including electronic and print media companies and consulting firms. The Company's indirect competitors, many of whom have substantially greater financial, information gathering and marketing resources than the Company, could choose to compete directly against the Company in the future. In addition, although the Company believes that it has established a significant market presence, there are few barriers to entry into the Company's market and new competitors could readily seek to compete against the Company in one or more market segments addressed by the Company's advisory and measurement services and products. Increased competition, direct and indirect, could adversely affect the Company's operating results through pricing pressure and loss of market share. 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 IT market rapidly evolves, or that the Company can otherwise continue to compete successfully.

EMPLOYEES

As of September 30, 1998, the Company employed 2,972 persons. Of the 2,972 employees, 915 are located at the Company's headquarters in the Stamford, CT area, 1,132 are located at other domestic facilities and 925 are located outside of the United States. None of the Company's employees are represented by a collective bargaining arrangement. The Company has experienced no work stoppages and considers its relations with employees to be favorable.

The Company's future success will depend in large measure upon the continued contributions of its senior management team, professional analysts, and experienced sales personnel. Accordingly, future operating results will be largely dependent upon the Company's ability to retain the services of these individuals and to attract additional qualified personnel. The Company experiences intense competition for professional personnel with, among others, producers of IT products, management consulting firms and financial services companies. Many of these firms have substantially greater financial resources than the Company to attract and compensate qualified personnel. The loss of the services of key management and professional personnel could have a material adverse effect on the Company's business.

ITEM 2. Properties.

The Company's headquarters are located in approximately 244,000 square feet of leased office space in five buildings located in Stamford, CT. These facilities accommodate research and analysis, marketing, sales, client support, production and corporate administration. The leases on these facilities expire in 2010. The Company also leases office space in 40 domestic and 38 international locations to support its research and analysis, domestic and international sales efforts and other functions. The Company believes its existing facilities and expansion options are adequate for its current needs and that additional facilities are available for lease to meet future needs.

ITEM 3. Legal Proceedings.

The Company is involved in legal proceedings and litigation arising in the ordinary course of business. The Company believes the outcome of all current proceedings, claims and litigation will not have a material effect on the Company's financial position or results of operations when resolved in a future period.

ITEM 4. Submission of Matters to a Vote of Security Holders.

None.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters. As of November 30, 1998, there were approximately 271 holders of record of the Company's Class A Common Stock. Since September 15, 1998, the Company's Class A Common Stock has been listed for trading in the New York Stock Exchange under the symbol "IT".

As of September 30, 1998, the Company has not paid any cash dividends on its common stock. On November 12, 1998, the Company's Board of Directors approved an agreement in principle with IMS Health Inc. ("IMS Health") which owns 47.6 million or 47% of the Company's Class A Common Stock to undertake a recapitalization of the Company and facilitate a tax-free spin-off by IMS Health of its equity position in Gartner Group Inc. to its shareholders. As part of the recapitalization, IMS Health will exchange 40.7 million shares of Class A Common Stock for an equal number of shares of new Class B Common Stock of the Company prior to the spin-off. This new class of common stock will be entitled to elect at least 80% of the Company's Board of Directors, but will otherwise be

substantially identical to existing Class A Common Stock. The Class B Common Stock will be distributed to IMS Health shareholders in a tax-free distribution. IMS Health will continue to hold 6.9 million shares of Class A Common Stock after the spin-off. It is the intention of IMS Health to sell these shares within one year of the spin-off, subject to certain conditions. In addition, the Company agreed that it would pay a one-time special cash dividend of \$300.0 million to its shareholders of record immediately prior to the IMS Health spin-off. Further, the Company also agreed that it would repurchase \$300.0 million of its Class A Common Stock on the open market after the spin-off. The exchange, spin-off and special cash dividend are expected to be completed in the third quarter of fiscal 1999, subject to approval by the IRS of the tax-free status of the spin-off and approval of the recapitalization plan by the non-IMS Health shareholders of the Company. The share repurchase program will commence after the spin-off and is expected to be completed within one year.

On September 30, 1998, the Company acquired all the assets and assumed the liabilities of Mentis Corporation for \$1.7 million in cash and 28,236 shares of Class A Common Stock of the Company which had an approximate fair market value of \$0.7 million. 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.

The quarterly market price information is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Common Stock Information.

4

ITEM 6. Selected Consolidated Financial Data.

The table below summarizes recent financial information for the Company. For further information, refer to the Company's Consolidated Financial Statements and Notes thereto presented under Part II, Item 8 of this form 10K.

GARTNER GROUP, INC.
SELECTED CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS EXCEPT PER SHARE DATA)

FISCAL YEAR ENDED SEPTEMBER 30,	1998	1997	1996	1995	1994

CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues:					
Advisory and measurement	\$494,701	\$ 396,219	\$ 306,542	\$ 235,867	\$177,821
Learning	18,076	21,314	12,219	1,301	--
Other, principally consulting and conferences	129,180	93,706	75,911	57,978	47,651

Total revenues	641,957	511,239	394,672	295,146	225,472
Total costs and expenses	498,420	394,626	345,232	251,406	181,522

Operating Income	143,537	116,613	49,440	43,740	43,950
Minority Interest	--	--	25	98	--
Loss on sale of Gartner Learning	(1,973)	--	--	--	--
Interest income, net	9,557	7,260	3,665	2,271	(2)

Income before income taxes	151,121	123,873	53,130	46,109	43,948
Provision for income taxes	62,774	50,743	36,692	20,948	19,891

Net Income	\$ 88,347	\$ 73,130	\$ 16,438	\$ 25,161	\$ 24,057
=====					
NET INCOME PER COMMON SHARE:					
Basic	\$ 0.88	\$ 0.77	\$ 0.18	\$ 0.29	\$ 0.29
Diluted	\$ 0.84	\$ 0.71	\$ 0.17	\$ 0.26	\$ 0.25
=====					
CONSOLIDATED BALANCE SHEET DATA:					
Cash and cash equivalents, and marketable securities	\$218,684	\$ 171,054	\$ 126,809	\$ 95,414	\$ 52,855
Fees receivable, net	239,243	205,760	143,762	112,159	102,509
Other current assets	53,152	48,794	39,579	28,655	22,940

Total current assets	511,079	425,608	310,150	236,228	178,304
Intangibles and other assets	321,792	219,704	133,958	96,678	87,619

Total assets	\$832,871	\$ 645,312	\$ 444,108	\$ 332,906	\$265,923
=====					
Current portion of long-term obligations	--	--	--	\$ 6,725	\$ 5,877
Deferred revenues	\$288,013	\$ 254,071	\$ 198,952	161,001	131,031
Other current liabilities	126,822	118,112	92,456	87,483	62,829

Total current liabilities	414,835	372,183	291,408	255,209	199,737
Long-term obligations, excluding current maturities	--	--	--	--	6,419
Long-term deferred revenues	3,098	3,259	2,465	3,446	5,880
Stockholders' equity	414,938	269,870	150,235	74,251	53,887
Total liabilities and stockholders' equity	\$832,871	\$ 645,312	\$ 444,108	\$ 332,906	\$265,923
September 30,	1998	1997	1996	1995	1994
OTHER DATA:					
Contract value(1)	\$596,736	\$ 505,162	\$ 387,228	\$ 303,231	\$224,390
Client organizations(2)	9,144	8,124	7,241	5,500	4,460

(1) Contract value, as measured by the Company, represents the annualized value of all advisory and measurement contracts in effect at a given point in time, without regard to the duration of the contracts outstanding at such time. Prior year contract value has been restated to exclude GartnerLearning contracts.

(2) Information provided for fiscal 1994 and 1995 does not include Dataquest, Inc. Information provided for 1997 and 1998 excludes Datapro. Prior year client organizations have been restated to exclude GartnerLearning client organizations.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

Total revenues for Gartner Group Inc. ("the Company") for fiscal 1998 were \$642.0 million, up 26% from \$511.2 million for fiscal 1997. Current year revenue growth consisted of a 25% increase in advisory (excluding consulting) and measurement services, a 15% decrease in learning revenue and a 38% increase in other revenue, principally from consulting services and conferences. Advisory and measurement services encompass 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 information technology operations of organizations. The Company enters into annually renewable contracts for advisory and measurement services. Revenues from advisory and measurement services and learning are recognized as products and services are delivered and as the Company's obligation to the client is completed over the contract period. Revenue increases in advisory and measurement services and other revenue came from the combined successes of numerous new product introductions and delivery platforms, sales penetration into new and existing clients and incremental revenue from acquisitions. The decrease in learning revenue is primarily the result of the sale of GartnerLearning during the fourth quarter of fiscal 1998.

Contract value increased 18% to approximately \$596.7 million at September 30, 1998 versus the same date last year (when excluding contract value related to GartnerLearning). The Company believes that contract value, which is calculated as the annualized value of all advisory and measurement contracts in effect at a given point in time, without regard to the duration of such contracts outstanding at such time, is a significant measure of the Company's volume of business. Historically, the Company has experienced that a substantial portion of client companies have renewed these services for an equal or higher level of total payments each year, and, to date, annual revenues from these services in any fiscal year have approximated contract value at the beginning of the fiscal year. As of September 30, 1998, approximately 85% of the Company's clients have renewed one or more of these 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 advisory and measurement revenues or cash flows if the rate of renewal of advisory and measurement services or the timing of new business were to significantly change during the following twelve months compared to historic patterns. Total deferred revenues of \$291.1 million and

\$257.3 million as of September 30, 1998 and 1997, respectively, as presented in the Company's Consolidated Balance Sheets, represent unamortized revenues from billed advisory and measurement (and including learning until Gartner Learning was sold) plus unamortized revenues of certain other billed products and services not included in advisory and measurement services. 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 and billed contracts including advisory and measurement services and certain other products and services not included in advisory and measurement revenue. Backlog at September 30, 1998 was approximately \$122.0 million and represents future revenues that will be recognized on multi-year and early renewed advisory and measurement contracts and in-process consulting engagements. Such revenues will be recognized when services and products are delivered. Backlog is not included in deferred revenues or contract value.

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 and the first quarter of the fiscal year typically represents the slowest growth quarter as it is the quarter in which the largest amount of contract renewals are due. 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 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 have not produced material cancellations to date. The Company's policy is to record at the time of signing of an advisory and measurement 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 advisory and measurement revenues are earned and amortized to income.

Historically, advisory and measurement revenues have increased in the first quarter of the ensuing fiscal year over the immediately preceding quarter primarily due to the amount of increase in contract value at the end of the prior fiscal year. 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 in part by the increase in advisory and measurement revenue upon which the Company is able to further leverage its selling, general and administrative expenses, plus operating income generated from the first quarter Symposium and ITxpo exhibition events. Operating income margin generally is not as high in remaining quarters, especially the third and fourth quarters of the fiscal year compared to the first quarter of the fiscal year as the operating income margins from the ITxpo conferences in the first fiscal quarter are higher than on conferences held

later in the fiscal year. 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 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.

Operating income rose 23% to \$143.5 million in fiscal 1998, or 22% of total revenues, from \$116.6 million, or 23% of total revenues in fiscal 1997. During fiscal 1998, the Company recorded two one-time costs that reduced reported

operating income. The first was an acquisition-related charge of \$4.5 million from the write-off of purchased in-process research and development costs in connection with the acquisition of Interpose Inc. The second was nonrecurring charges of \$2.8 million relating to costs associated with the relocation of certain accounting and order processing functions to new facilities. Excluding these charges, operating income for fiscal 1998 increased 29% to \$150.8 million, compared to the prior year and was 23% of total revenue for fiscal 1998. Operating income, excluding the charges, has increased as a result of solid revenue growth coupled with controlled spending that has allowed the Company to gain economies of scale through the leveraging of its resources (additional revenues have been generated using essentially the same resources). The Company's continued focus on margin improvement has favorably impacted operating results. Diluted net income per common share was \$0.84 in fiscal 1998 as compared to last fiscal year's \$0.71 per common share. Excluding acquisition-related and nonrecurring charges and the loss on sale of GartnerLearning, diluted net income per common share was \$0.93, a 31% increase compared to fiscal 1997. The Company's strong cash generation also continued in fiscal 1998. The Company had \$262.3 million in total cash, cash equivalents and marketable securities at September 30, 1998, up \$73.5 million from \$188.7 million at September 30, 1997.

ANALYSIS OF OPERATIONS

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

FISCAL YEAR ENDED SEPTEMBER 30,	1998	1997	1996

Percent of revenues:			
Revenues:			
Advisory and measurement	77%	78%	78%
Learning	3	4	3
Other, principally consulting and conferences	20	18	19

Total revenues	100	100	100

Costs and expenses:			
Cost of services and product development	39	40	39
Selling, general and administrative	34	34	37
Acquisition-related charges	1	--	9
Nonrecurring charges	0	--	--
Depreciation	3	2	2
Amortization of intangibles	1	1	1

Total costs and expenses	78	77	88

Operating income	22	23	12
Minority interest	--	--	0
Loss on sale of GartnerLearning	0	--	--
Interest income, net	2	1	1

Income before income taxes	24	24	13
Provision for income taxes	10	10	9

Net income	14%	14%	4%

FISCAL YEAR ENDED SEPTEMBER 30, 1998 VERSUS FISCAL YEAR ENDED SEPTEMBER 30, 1997

Total revenues increased 26% to \$642.0 million in fiscal 1998 as compared to \$511.2 million in fiscal 1997. Revenues from advisory (excluding consulting) and measurement services increased 25% in fiscal 1998 to \$494.7 million compared to

\$396.2 million in fiscal 1997 and comprised approximately 77% and 78% of total revenues in fiscal 1998 and 1997, respectively. Revenue from the learning business decreased 15% in fiscal 1998 to \$18.1 compared to \$21.3 in fiscal 1997 and comprised approximately 3% of revenues in fiscal 1998 versus 4% in fiscal 1997. The increase in revenues from advisory and measurement services reflects the continued client acceptance of new products and services, sales penetration into new and existing clients and incremental revenue from acquisitions completed in fiscal 1998 and fiscal 1997

7

(primarily Datapro Information Services, Inc.). The decrease in learning revenue is primarily the result of the sale of GartnerLearning in the fourth quarter of fiscal 1998.

Other revenues, consisting principally of revenues from consulting services and conferences increased 38% to \$129.2 million in fiscal 1998 as compared to \$93.7 million in the prior year. The increase is primarily attributable to the Company's Symposia conferences and ITxpo exhibition events held annually during the first quarter of the fiscal year, revenue from new events and acquired businesses as well as increased consulting revenues.

The rate of growth in advisory and measurement revenues has continued to be strong in two of the three defined geographic market areas of the Company: the United States and Europe. Revenues from sales to United States clients increased 21% to \$403.0 million in fiscal 1998 from \$333.0 million in fiscal 1997. Revenues from sales to European clients increased 51% to \$183.8 million in fiscal 1998 from \$122.0 million in fiscal 1997. Sales to other international clients, primarily in the Asian and South American markets areas, have decreased slightly by 2% to \$55.2 million in fiscal 1998 from \$56.2 million in fiscal 1997. This decrease was caused primarily by unfavorable exchange rate impact and client concerns over the financial crisis in Asia. The Company's sales strategy continues to be to extend the Company's sales channels to clients with revenues ranging from \$150 million to \$2 billion, in addition to the Company's historic focus on larger customers. In Europe and the other international markets, additional investment in direct sales personnel and distributor relationships has also contributed to overall revenue growth. The Company intends to continue its expansion of operations outside of the United States in fiscal 1999.

Operating income increased 23% to \$143.5 million in fiscal 1998 compared to \$116.6 million in fiscal 1997. Excluding acquisition-related and nonrecurring charges, operating income in fiscal 1998 increased 29%. The United States and Europe geographic areas experienced growth in operating income in fiscal 1998, with an 18% and 44% increase, respectively. The other international geographic areas experienced a slight decline in operating income in fiscal 1998 of 3%. Operating income, as a percentage of total revenues was 23% for fiscal 1998 and 1997, after excluding the above mentioned charges. Operating income has increased as a result of solid revenue growth coupled with controlled spending that has allowed the Company to gain economies of scale through the leveraging of its resources (additional revenues have been generated using essentially the same resources). The Company's continued focus on margin improvement has favorably impacted operating results.

Costs and expenses, excluding acquisition-related and nonrecurring charges, increased to \$491.1 million in fiscal 1998 from \$394.6 million in fiscal 1997 and was 77% of total revenues in both fiscal years. Cost of services and product development expenses were \$247.9 million and \$202.8 million for fiscal 1998 and 1997, respectively. This increase in expenses over the prior fiscal year reflects the need to provide additional support to the growing client base, costs associated with acquired business and continued product development costs. The decrease in cost of services and product development expenses, as a percentage of total revenues is primarily attributable to improved gross margins on conferences, lower delivery cost per dollar of revenue due to increased electronic delivery of products, as well as controlled discretionary spending and reduced variable costs linked to financial performance. Selling, general and administrative expenses, which were \$215.9 million and \$173.6 million for fiscal

1998 and 1997, respectively, increased as a result of the Company's continuing expansion of worldwide distribution channels and resulting commissions earned on the revenue generated. This increase is primarily the result of continued expansion of worldwide distribution channels and the impact of acquisitions. Although the Company has added general and administrative resources to support the growing revenue base, selling, general and administrative expenses has remained consistent at 34% of total revenues for fiscal 1998 and 1997, respectively.

During fiscal 1998, the Company incurred one-time charges that were reflected in costs and expenses. In February 1998, the Company acquired the net assets of Interpose Inc. ("Interpose"), a provider of total cost of ownership measurement and analysis tools and training. In connection with the acquisition, the Company recorded an acquisition-related charge of \$6.3 million for the write-off of purchased in-process research and development costs. On December 10, 1998, the Company revised the amount of expensed purchased in-process research and development costs from \$6.3 million to \$4.5 million. The change was in response to recently developed guidance from the Securities and Exchange Commission. In the second quarter of fiscal 1998, the Company recorded nonrecurring charges, primarily consisting of relocation and severance costs, totaling approximately \$2.8 million related to the Company's relocation of certain accounting and order processing operations from Stamford, Connecticut to a new financial services center in Ft. Myers, Florida.

Depreciation expense increased to \$17.9 million in fiscal 1998 from \$11.8 million in fiscal 1997, primarily due to capital spending required to support business growth. Additionally, amortization of intangibles increased by \$2.9 million in fiscal 1998 as compared to fiscal 1997, reflecting primarily goodwill associated with fiscal 1998 and 1997 acquisitions.

On September 1, 1998, the Company sold GartnerLearning, a division of the Company that provided technology based training and services to Netg Inc. ("Netg"), a subsidiary of Harcourt Brace & Company, for \$5.0 million in cash and an 8% equity interest in Netg. In addition, the Company received a put option which allows the Company to sell its 8% interest to an affiliate of Harcourt Brace & Company for \$48.0 million in cash. This put option may be exercised for two years beginning on September 1, 2002 if certain conditions are met. The Company's 8% interest in Netg has an

8

independently appraised value of \$42.5 million. Including related transaction costs of \$3.8 million, the pre-tax loss on sale of GartnerLearning was approximately \$2.0 million.

Interest income, net increased to \$9.6 million in fiscal 1998, versus \$7.3 million for fiscal 1997. This improvement resulted from interest income accumulating on higher balances of cash, cash equivalents and marketable securities (\$262.3 million at September 30, 1998, versus \$188.7 million at September 30, 1997).

Provision for income taxes increased by 24% or \$12.0 million to \$62.8 million in fiscal 1998, from \$50.7 million in fiscal 1997. The effective tax rate was 42% and 41% for fiscal 1998 and 1997, respectively. As a result of the sale of GartnerLearning, additional taxes of \$4.2 million were incurred, primarily due to the reversal of non-deductible goodwill. Excluding these additional taxes, the Company's effective rate for fiscal 1998 was 39%, a decrease of two percentage points from fiscal 1997. This decrease is due primarily to on-going tax planning initiatives. A more detailed analysis of the changes in the provision for income taxes is provided in Note 10 of the Notes to Consolidated Financial Statements.

FISCAL YEAR ENDED SEPTEMBER 30, 1997
VERSUS FISCAL YEAR ENDED SEPTEMBER 30, 1996

Total revenues increased 30% to \$511.2 million in fiscal 1997 as compared to

\$394.7 million in fiscal 1996. Revenues from advisory (excluding consulting) and measurement services increased 29% in fiscal 1997 to \$396.2 million compared to \$306.5 million in fiscal 1996 and comprised approximately 78% of total revenues in both fiscal 1997 and fiscal 1996. Revenue from learning increased 74% in fiscal 1997 to \$21.3 compared to \$12.2 in fiscal 1996 and comprised approximately 4% of revenues in fiscal 1997 versus 3% in fiscal 1996. The increase in revenues from advisory measurement and learning services reflects primarily strong market acceptance of new services introduced in 1996 and the first half of 1997, volume increases as a result of increased geographic and client penetration, continuation of a volume pricing strategy that provides more value for the same dollars each year through the expansion of electronic distribution within client companies and incremental revenues from acquisitions completed in fiscal 1997 and fiscal 1996 (primarily Datapro Information Services, Inc, ("Datapro") and J3 Learning, Inc.).

Other revenues, consisting principally of revenues from conferences and consulting services, increased 23% to \$93.7 million in fiscal 1997 as compared to \$75.9 million in the prior year. The increase is primarily attributable to additional conferences held in fiscal 1997, increased revenue versus fiscal 1996 for certain conferences and expansion of consulting services to new geographic regions.

The rate of growth in advisory, measurement and learning revenues has continued to be strong in the three defined geographic market areas of the Company: the United States, Europe and Other International. Revenues from sales to United States clients increased 31% to \$333.0 million in fiscal 1997 from \$253.5 million in fiscal 1996. Revenues from sales to European clients increased 24% to \$122.0 million in fiscal 1997 from \$98.8 million in fiscal 1996, and revenues from sales to Other International clients increased 33% to \$56.2 million in fiscal 1997 from \$42.4 million in fiscal 1996. These increases reflect primarily the continued results of the Company's sales strategy to extend the Company's sales channels to clients with revenues ranging from \$500 million to \$2 billion, in addition to the Company's historic focus on larger customers. In Europe and Other International markets, additional investment in direct sales personnel and distributor relationships has also contributed to revenue growth. The Company intends to continue its expansion of operations outside of the United States.

Operating income was \$116.6 million in fiscal 1997 compared to \$49.4 million in fiscal 1996. Excluding \$34.9 million in acquisition-related charges (consisting primarily of a \$32.2 million write-off of purchased in-process research and development costs in connection with the acquisition of J3 Learning Corporation) operating income in fiscal 1997 increased 38%. All three geographic areas experienced growth in operating income in fiscal 1997, with a 139%, 130% and 138% increase in the United States, Europe and Other International geographic areas, respectively. Operating income, as a percentage of total, increased to 23% of revenues for fiscal 1997 versus 21% for fiscal 1996, revenues, after excluding the above mentioned charges. Operating income has increased as a result of solid revenue growth coupled with controlled spending that has allowed the Company to gain economies of scale through the leveraging of its resources (additional revenues have been generated using essentially the same resources). The Company's continued focus on margin improvement has favorably impacted operating results.

While costs and expenses, excluding acquisition-related charges, increased to \$394.6 million in fiscal 1997 from \$310.3 million in fiscal 1996, such costs decreased to 77% of total revenues from 79% in fiscal 1996. Cost of services and product development expenses were \$202.8 million and \$153.0 million for fiscal 1997 and 1996, respectively. This increase in expenses over the prior fiscal year reflects the need to provide additional support to the growing client base, including investment in strategic areas such as electronic and Internet distribution, costs associated with the implementation of the Company's new client inquiry process (QuickPath) and product development costs (particularly for technology-based training products). The decrease in cost of services and product development expenses, as a percentage of total revenues is primarily attributable to improved gross margins on conferences as compared to the prior year and lower delivery cost per dollar of revenue generated due to increased electronic delivery of services and products. Selling, general and

administrative expenses, which were \$173.6 million and \$144.5 million for fiscal 1997 and 1996, respec-

tively, increased as a result of the Company's continuing expansion of worldwide distribution channels and resulting commissions earned on the revenue generated. The increase in commission expense was offset partially by the elimination and/or reduction of redundant general and administrative expenses, including personnel reductions and facility rationalization relating to acquisitions. 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 were 34% of total revenues for fiscal 1997 as compared to 37% for fiscal 1996.

Acquisition-related charges of \$34.9 million in fiscal 1996 for the acquisitions of Dataquest, Inc. ("Dataquest") and J3 were not recurring in fiscal 1997. Depreciation expense increased to \$11.8 million in fiscal 1997 from \$9.1 million in fiscal 1996, primarily due to capital spending required to support business growth. Additionally, amortization of intangibles increased by \$2.6 million in fiscal 1997 as compared to fiscal 1996, reflecting primarily goodwill associated with fiscal 1996 and 1997 acquisitions.

Interest income, net increased to \$7.3 million in fiscal 1997, versus \$3.7 million for fiscal 1996. This improvement resulted from interest income accumulating on the Company's cash, cash equivalents and marketable securities (\$188.7 million at September 30, 1997, versus \$129.9 million at September 30, 1996), changes in the mix of investments to higher yielding investments and from reduced interest expense after remaining debt related to fiscal 1993 and 1994 acquisitions was paid during fiscal 1996. Interest rates were not a significant factor in the increase in interest income earned in fiscal 1997 versus fiscal 1996.

Provision for income taxes increased by \$14.0 million to \$50.7 million in fiscal 1997, up from \$36.7 million in fiscal 1996. The effective rate was 41% and 69% for fiscal 1997 and 1996, respectively. Absent the non-deductible write-off for purchased in-process research and development costs, the effective tax rate for fiscal 1996 was 43%. The decrease in the effective tax rate from fiscal 1996, excluding acquisition-related charges, is due to on-going tax planning initiatives. A more detailed analysis of the changes in the provision for income taxes is provided in Note 10 of the Notes to Consolidated Financial Statements.

PROPOSED RECAPITALIZATION, SPECIAL CASH DIVIDEND AND SHARE REPURCHASE

On November 12, 1998, the Company's Board of Directors approved an agreement in principle with IMS Health Inc. ("IMS Health") which owns 47.6 million or 47% of the Company's Class A Common Stock to undertake a recapitalization of the Company and facilitate a tax-free spin-off by IMS Health of its equity position in Gartner Group Inc. to its shareholders. As part of the recapitalization, IMS Health will exchange 40.7 million shares of Class A Common Stock for an equal number of shares of new Class B Common Stock of the Company prior to the spin-off. This new class of common stock will be entitled to elect at least 80% of the Company's Board of Directors, but will otherwise be substantially identical to existing Class A Common Stock. The Class B Common Stock will be distributed to IMS Health shareholders in a tax-free distribution. IMS Health will continue to hold 6.9 million shares of Class A Common Stock after the spin-off. It is the intention of IMS Health to sell these shares within one year of the spin-off, subject to certain conditions. In addition, the Company agreed that it would pay a one-time special cash dividend of \$300.0 million to its shareholders of record immediately prior to the IMS Health spin-off. Further, the Company also agreed that it would repurchase \$300.0 million of its Class A Common Stock on the open market after the spin-off. The exchange, spin-off and special cash dividend are expected to be completed in the third quarter of fiscal 1999, subject to approval by the IRS of the tax-free status of the

spin-off and approval of the recapitalization plan by the non-IMS Health shareholders of the Company. The share repurchase program will commence after the spin-off and is expected to be completed within one year.

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.

10

The Company's operating results are subject to the 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 also require additional management attention and financial resources.

LIQUIDITY AND CAPITAL RESOURCES

The Company has primarily financed its operations to date through cash provided by operating activities. The combination of revenue growth and operating margin improvements have contributed to increases in cash provided by operating activities in fiscal 1998, 1997 and 1996. In addition, cash flow has been enhanced by the Company's continuing management of working capital requirements to support increased sales volumes from growth in the pre-existing businesses and growth due to acquisitions.

Cash provided by operating activities during fiscal 1998 was \$97.8 million, compared to \$87.2 million in the prior fiscal year, reflecting primarily the impact of increased operating income and changes in balance sheet accounts, particularly fees receivable, deferred revenues, deferred commissions and prepaid and other current assets.

Cash used for investing activities totaled \$145.2 million for fiscal 1998, compared to \$84.3 million for fiscal 1997. During fiscal 1998, the Company used \$47.5 million in cash for acquisitions, primarily for the purchase of Vision Events International Inc. for \$20.5 million, Interpose for \$7.5 million and the Research Board Inc. for \$6.4 million. Additionally, the Company used \$15.0 million for investments in unconsolidated businesses. The Company also used \$24.3 million for the purchase of capital assets and had net purchases of marketable securities for \$58.2 million.

Cash provided by financing activities totaled \$62.9 million in fiscal 1998, compared to \$44.6 million for fiscal 1997. The increase in fiscal 1998 is driven primarily by a \$47.3 million credit to additional paid-in capital for tax benefits received from stock transactions with employees and \$35.7 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. As additional stock options have become exercisable each fiscal year under the Company's stock option plans, the volumes of option exercises have increased, thereby resulting in significant tax benefits being realized in both fiscal 1998 and 1997. These increases were partially offset by a net cash settlement of \$12.0 million on a forward purchase agreement on the Company's common stock and \$13.9 million for the purchase of treasury stock.

The effect of exchange rates reduced cash and cash equivalents by \$0.2 million for the year ended September 30, 1998, and was due to the strengthening of the U.S. dollar versus certain foreign currencies. In fiscal 1997 the effect of exchange rates reduced cash and cash equivalents by \$1.8 million. At September 30, 1998, cash, cash equivalents and marketable securities totaled \$262.3 million. In addition, the Company has available two unsecured credit lines with The Bank of New York and Chase Manhattan Bank for \$5.0 million and \$25.0 million, respectively. These lines may be cancelled 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 \$4.1 million and \$2.0 million with The Bank of New York at September 30, 1998. The Company believes that its current cash balances and maturing marketable debt 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 cash needs of the Company, including possible acquisitions. Additionally as mentioned above, the Company is seeking a recapitalization that when completed would require a significant amount of cash to fund the special dividend and the repurchase of common shares. The Company believes that current cash balances and maturing marketable debt securities, expected cash to be generated from operations and the Company's ability to borrow beyond the current lines of credit, will be sufficient to provide the liquidity required. The Company currently has no other material capital commitments.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Portions of the foregoing discussion include descriptions of the Company's expectations regarding future trends affecting its business. The forward-looking statements made in this annual report, as well as all other forward-looking statements or information provided by the Company or its employees, whether written or oral, are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements and future results are subject to, and should be considered in light of risks, uncertainties and other factors which may affect future results including, but not limited to: competition, rapid changing technology, regulatory requirements and uncertainties of international trade as set forth under "Factors that May Affect Future Performance".

COMMON STOCK INFORMATION

Since September 15, 1998 the Company's Class A Common Stock has been listed for trading on the New York Stock Exchange under the symbol "IT". Prior to September 15, 1998, it was listed on the Nasdaq National Market. The Company effected two-for-one stock splits by means of stock dividends on March 29, 1996, June 28, 1995 and August 26, 1994. All earnings per share and share data presented herein have been restated retroactively to reflect such splits. As of

September 30, 1997, the Company recorded the conversion of all Class B Common Stock into Class A Common Stock on a one for one basis, pursuant to a provision of the Articles of Incorporation which required conversion when the Class B Common Stockholder's voting equity fell below a certain ownership percentage after considering all exercisable options and warrants outstanding. During fiscal 1998, the Company's Class A Common Stock traded within a range of daily

closing prices of \$21.94 to \$40.81 per share.

Quarterly Common Stock Prices

	FISCAL YEAR 1998		FISCAL YEAR 1997	
	HIGH	LOW	HIGH	LOW
First Quarter ended December 31	\$ 37.25	\$ 26.75	\$ 38.88	\$ 29.75
Second Quarter ended March 31	\$ 40.81	\$ 33.38	\$ 42.06	\$ 20.38
Third Quarter ended June 30	\$ 35.19	\$ 30.44	\$ 35.94	\$ 20.63
Fourth Quarter ended September 30	\$ 35.19	\$ 20.88	\$ 36.63	\$ 25.50

As of September 30, 1998, the Company has not paid any cash dividends on its common stock. As discussed above, the agreement in principal to recapitalize the Company includes a special one-time cash dividend of \$300.0 million which will be paid to shareholders of record immediately prior to the planned spin-off by IMS Health. Except for this proposed special one-time cash dividend, which is subject to certain IRS and shareholder approvals, the Company currently intends to retain future earnings for use in its business and does not anticipate that any additional cash dividends will be declared or paid on the common stock in the foreseeable future.

YEAR 2000 ISSUES

The Year 2000 problem results from the fact that many technology systems have been designed using only a two-digit representation of the year portion of the date. This has the potential to cause errors or failures in those systems that depend on correct interpretation of the year, but cannot necessarily correctly interpret "00" as the year "2000". There are two other issues that are generally considered part of the Year 2000 problem: a) the fact that the year 2000 is a special case leap year and b) certain dates over the next few years, such as 9/9/99, could be misinterpreted as codes with special meanings, such as 9999 means an invalid record (This is a simple description of the most common cause of the Year 2000 problem. There are many complete descriptions, with examples, such as the Year 2000 Guide for Practitioners.) The problem can manifest itself before, on or after January 1, 2000. The Year 2000 problem has often been described as a computer problem, but there is a growing recognition that the issue extends far beyond conventional computers and affects virtually every facet of a modern company's operations and interfaces with third parties.

The Company's Year 2000 efforts are organized around understanding and addressing the business-critical functions in each of the six major areas that could potentially be affected by Year 2000 issues (business-critical functions are defined as those whose failure or significant disruption would have a material adverse impact on the Company's business, financial condition or results of operations or involve a safety risk to employees or customers):

Supply Chain--suppliers, customers, financial affiliates, and government agencies

Products & Services--goods created by the Company for its customers

Information Technology ("IT") Applications--in-house and vendor business computer programs

IT Infrastructure--computers, communications and call center systems Non-IT

Process Systems--systems used to create and deliver the Company's products & services

Non-IT Facilities Systems--systems used to monitor and control the Company's places of work and office equipment

While the potential ramifications of the Year 2000 issue are significant,

the Company believes that it is taking full advantage of its internal resources and all necessary external resources to understand, identify and correct all Year 2000 issues within its control. The Company recognizes that there are significant unknowns, hence potential risks, that are outside its control and will also take all reasonable steps to minimize the impact of those exposures. The Company has made available timely information on the status of Year 2000 efforts to its employees and on the status of products to its customers. In the absence of significant factors outside its control, the Company expects to be fully prepared to meet the Year 2000 with minimal, if any, impact to its employees and customers.

The Company expects to have made all essential IT and non-IT systems Year 2000 ready before their known failure dates or January 1, 2000, whichever is sooner. All products of the Company are, or are expected to be, Year 2000 ready before their known failure dates or by January 1, 2000, whichever is sooner, and should any date-related problems be revealed after that point, they will be fixed at no extra charge to the customer or replaced with a product of equal value. The Company has established a global inquiry response process to ensure timely, clear, consistent, accurate and documented responses to all requests for information about its products and services.

The Company further expects to take all prudent and reasonable steps to validate the Year 2000-readiness of its direct supply chain interfaces, but believes that this area does and will continue to represent a significant level of uncertainty and business risk at least through the first half of the year 2000. If a significant portion of the supply chain suffers Year 2000-related business disruption, there could be a material impact on the Company's financial condition and results

12

of operations. The Company's definition for Year 2000 readiness is "A Definition of Year 2000 Conformity Requirements" published by the British Standards Institution (DISC PD 2000-1:1998).

Expectations for a successful outcome are based on the incorporation of a number of "best practices" in addressing the Year 2000 problem. The Company has a formal global Year 2000 program office, headed by the Chief Information Officer who reports directly to the President and staffed by a core project team of senior managers with representatives from key worldwide business units. Year 2000 remediation work is being performed by a combination of in-house and vendor personnel, which is consistent with normal business operations. Year 2000 progress and issues are reviewed regularly with some or all of the Senior Management Team, including legal counsel, and the Audit Committee to ensure timely and appropriate management attention. General employee communication programs are increasing. The program office is using a compliance-reporting and risk-assessment methodology which provides a classification system and checklist with domains including IT infrastructure, applications and procedures, process systems, facilities and equipment, products and services, and supply chains. The methodology uses the combined insights and knowledge bases from Gartner Group's research, benchmarking and consulting organizations. The Company has established standards for compliance, date testing, document retention and contingency plans.

The Company has begun a formal prioritization and communication program with all material suppliers to ascertain their readiness. All significant Company products have or will undergo testing to determine their ability to function correctly according to date testing standards. The core suite of accounting, finance, and human resources applications have been replaced by Year 2000 compliant vendor packages. The remaining key in-house developed applications have been analyzed for potential date problems and are in the process of being remediated. Many components of the IT infrastructure, non-IT process systems and non-IT facilities systems have been replaced or upgraded. It is believed that all of the remaining non-compliant key components have been identified and these are planned for replacement or upgrade in accordance with normal maintenance schedules.

The Company has used standard cost accounting principles (where possible, activity-based costing) to assign costs to Year 2000 activities. The Company expects to establish a separate Year 2000 account to budget and track significant fiscal 1999 Year 2000 expenditures. All maintenance and modification costs are expensed as incurred, while the cost of new systems is being capitalized according to generally accepted accounting principles. Identified Year 2000 expenses amounted to \$1.9 million in fiscal 1998 and are forecast to be \$5.2 million in fiscal 1999. These costs are predominantly for the budgeted replacement or upgrades of IT and non-IT systems, but also include pro-rated personnel standard unit costs. These estimates do not include the Company's potential share of Year 2000 costs that may be incurred in relation to recent acquisitions.

The need to replace or upgrade systems and applications subject to Year 2000 errors had been anticipated and factored into regular improvements of the Company's IT and non-IT technological environment. As a result, the source of funding for Year 2000 remediation efforts is expected to be predominantly from cash flow from operations and, perhaps, in a few isolated incidences from the short-term deferral of other discretionary projects. The Company has not incurred and does not expect any material impact to future earnings or financial condition as a result of Year 2000 repair or replacement activities.

The Company has examined the business impact associated with each of the six major areas described above. The Company believes that it has limited products and services exposure due to the nature of those products and services, as well as efforts expended to-date. The area of potential greatest risk is the Supply Chain. This risk is somewhat mitigated by the diverse and distributed characteristics of both its Suppliers and Customers and the fact that the Company has no material single vendor source suppliers. The Company has contacted key suppliers and customers to ascertain Year 2000 readiness, through questionnaires and/or personal follow-up, as appropriate. The Company has developed a "reasonably likely worst case scenario" based on exploring a wide range of possible results from Year 2000 problems (note: it is expected that there is a relatively small probability that the reasonably likely worst case scenario would actually occur). The Company believes that this scenario would be the result of a general economic downturn coupled with sporadic problems with basic infrastructure services. This scenario would probably affect the Company's revenues and could change demand for services (note: there is also a possibility for increased demand for the Company's services related to the Year 2000). The Company has begun the process of identifying potential variants of this scenario and expects to develop business contingencies to deal with these situations. Other undiscovered issues related to the Year 2000 issue have the potential for an adverse impact on the Company's financial condition.

The Company plans to carefully monitor developments with key third party organizations, to identify alternatives as needed and to promote the integrity of the supply chain through information sharing as appropriate. In addition, the Company has begun the process of developing standards for Year 2000 contingency plans and will use this to guide the process of preparing for the most likely case and reasonably anticipated scenario.

The Company's plans to address the Year 2000 problem are based on management's best judgments together with the information that is available to date. Management's position is based on assumptions of future events including the continued availability of certain resources, third party modification plans and other factors. There can be no assurance that these estimates will prove to be accurate, and actual results could differ materially from those currently anticipated.

Unanticipated failures resulting from, but not limited to: a) essential third parties, b) the Company's ability to identify all date-sensitive systems, or c) the Company's ability to execute its own remediation efforts, could materially impact the Company's business and financial condition.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1997, Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("FAS 130") and No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("FAS 131") were issued. FAS 130 establishes standards for reporting and disclosure of comprehensive income and its components in a full set of general-purpose financial statements. This statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. FAS 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to stockholders which is currently not required. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The Company is required to adopt both new disclosure standards in the first quarter of fiscal 1999.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". SOP 98-1 requires companies to capitalize certain costs of computer software developed or obtained for internal use and amortize such costs over the software's estimated useful life. The Company is required to adopt SOP 98-1 in fiscal 2000. The Company is currently evaluating the effect of adoption of SOP 98-1 on the Company's financial position and results of operations.

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133") was issued. FAS 133 establishes a new model for accounting for derivatives and hedging activities. The Statement requires all derivatives be recognized in the statement of financial position as either assets or liabilities and measured at fair value. The Company is required to adopt FAS 133 in fiscal 2000. The Company is currently evaluating the effect of adoption of FAS 133 on the Company's financial position and results of operations.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk.

Amounts invested in the Company's foreign operations are translated into U.S. dollars at the exchange rates in effect at year end. The resulting translation adjustments are recorded as cumulative translation adjustment, a component of stockholders' equity, in the Consolidated Balance Sheets.

ITEM 8. Consolidated Financial Statements and Supplementary Data.

CONSOLIDATED FINANCIAL STATEMENTS

The Company's consolidated financial statements for the fiscal years ended September 30, 1998 and 1997, together with the reports thereon of KPMG Peat Marwick LLP, independent auditors, dated October 30, 1998, except as to note 18 which is as of November 12, 1998, and the eighth paragraph of note 3 (Interpose acquisition), which is as of December 10, 1998, are included in this Report beginning on Page F-1.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None in the fiscal years ended September 30, 1998 and 1997.

PART III

ITEM 10. Directors and Executive Officers of the Registrant.

Information relating to Directors is set forth under the caption "Proposal One: Election of Directors" on pages 2 through 11 in the Proxy Statement for Annual Meeting of Stockholders of Registrant to be held January 28, 1999 and is

incorporated herein by reference. Information relating to Section 16(a) of the Exchange Act is set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" on page 15 in the Proxy Statement for Annual Meeting of Stockholders of Registrant to be held January 28, 1999 and is incorporated herein by reference.

ITEM 11. Executive Compensation.

Information relating to Executive Compensation is set forth under the caption "Compensation of Executive Officers" on pages 6 through 11 of the Proxy Statement for Annual Meeting of Stockholders of Registrant to be held January 28, 1999 and is incorporated herein by reference.

14

ITEM 12. Security Ownership of Certain Beneficial Owners and Management. Information relating to Security Ownership of Certain Beneficial Owners and Management is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" on page 15 in the Company's Proxy Statement for Annual Meeting of Stockholders of Registrant to be held January 28, 1999 and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions. Information relating to Certain Relationships and Related Transactions is set forth under the caption "Certain Relationships and Transactions" of the Proxy Statement for Annual Meeting of Stockholders of Registrant to be held January 28, 1999 on pages 15 and 16 and is incorporated herein by reference.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) 1. Financial Statements

The presentation under "Financial Statements" is included in Item 8. Consolidated Financial Statements and Supplementary Data.

2. Financial Statement Schedule

II. Valuation and qualifying accounts.

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

15

3. Exhibits

Exhibit Number	Description of Document
3.1a(2)	Restated Certificate of Incorporation
3.1(b)(5)	Amendment dated March 18, 1996 to Restated Certificate of Incorporation
3.2(5)	Amended Bylaws, as of April 24, 1997 4.1 Article III, IV and V of Restated Certificate of Incorporation (see Exhibit 3.1 (a) and(b))
4.2(1)	Form of Certificate for Common Stock 10.1(1) Form of Indemnification Agreement
10.2(1)	Amended and Restated Registration Rights Agreement dated March 19, 1993 among the Registrant, Dun & Bradstreet Corporation and D&B Enterprises, Inc.
10.4(2)	Lease dated December 29, 1994 by and between Soundview Farms and the Registrant related to premises at 56 Top Gallant Road, 70 Gatehouse Road, and 88 Gatehouse Road, Stamford, Connecticut
10.5	Lease dated May 16, 1997 by and between Soundview Farms and the Registrant related to premises at 56 Top Gallant Road, 70 Gatehouse Road, 88 Gatehouse Road and 10 Signal Road, Stamford, Connecticut (amendment to lease dated December 29, 1994, see exhibit 10.4)
10.6(1)*	Long Term Incentive Plan (Tenure Plan), including form of Employee Stock Purchase Agreement
10.7(4)*	1991 Stock Option Plan, as amended and restated on January 22, 1998
10.8 (1)*	1993 Director Stock Option Plan
10.9 (1)*	Employee Stock Purchase Plan
10.10(4)*	1994 Long Term Stock Option Plan, as amended and restated on January 22, 1998
10.11(2)	Forms of Master Client Agreement
10.12(1)	Commitment Letter dated July 16, 1993 from The Bank of New York
10.13(1)	Indemnification Agreement dated April 16, 1993 by and among the Registrant, Cognizant (as successor to the Dun & Bradstreet Corporation) and the Information Partners

Capital Fund
10.15(3) Commitment Letter dated September 30, 1996 from Chase Manhattan Bank
10.16(4)* 1996 Long Term Stock Option Plan, as amended and restated on
January 22, 1998
10.17* Employment Agreement by and between Manuel A. Fernandez and Gartner Group, Inc. as of
November 12, 1998
10.18* Employment Agreement by and between William T. Clifford and Gartner Group, Inc. as of
November 12, 1998
10.19* Employment Agreement by and between E. Follett Carter and Gartner Group, Inc. as of
November 12, 1998
10.20* Employment Agreement by and between John F. Halligan and Gartner Group, Inc. as of
November 12, 1998
10.21* Employment Agreement by and between Michael D. Fleisher and Gartner Group, Inc. as of
November 12, 1998.
10.22* Employment Agreement by and between Manuel A. Fernandez and Gartner Group, Inc. as of
February, 1998
10.23* Addendum to the Employment Agreement by and between Manuel A. Fernandez and Gartner
Group, Inc. entered into as of August 24, 1998
10.24* Employment Agreement by and between William T. Clifford and Gartner Group, Inc. as of
February 26, 1998
10.25* Employment Agreement by and between E. Follett Carter and Gartner Group, Inc. as of
February 20, 1998
10.26* Employment Agreement by and between John F. Halligan and Gartner Group, Inc. as of
February 20, 1998
10.27* Employment Agreement by and between Michael D. Fleisher and Gartner Group, Inc. as of
February 20, 1989.
13.1 Annual report to stockholders
21.1 Subsidiaries of Registrant
23.1 Independent Auditors' Consent
24.1 Power of Attorney (see Signature Page)
27.1 Financial Data Schedules
* Management contract or compensation plan or arrangement required to be filed as an exhibit to this report
on Form 10-K pursuant to Item 14(c) this report.

- (1) Incorporated by reference from the Registrant's Registration Statement on Form S-1 (File No. 33-67576), as amended, effective October 4, 1993.
- (2) Incorporated by reference from the Registrant's Annual Report on Form 10-K as filed on December 21, 1995. (3) Incorporated by reference from the Registrant's Annual Report on Form 10-K as filed on December 17, 1996. (4) Incorporated by reference from Registrant's Quarterly Report on Form 10-Q as filed on May 8, 1998. (5) Incorporated by reference from Registrant's Registration Statement on Form S-8 (File No. 333-35169) as filed on September 8, 1997.
- (b) Reports on Form 8-K
No reports on Form 8-K were filed by the Registrant during the fiscal quarter ended September 30, 1998.
- (c) Exhibits See (a) above.
- (d) Financial Statement Schedule
See (a) above.

16

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Stamford, State of Connecticut, on the 15th and 16th day of December, 1998.

GARTNER GROUP, INC.

By: /s/ MANUEL A. FERNANDEZ

Manuel A. Fernandez
Chairman of the Board and
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSON BY THESE PRESENTS, that each person whose signature appears

below hereby constitutes and appoints Manuel A. Fernandez and John F. Halligan, and each of them acting individually, as his attorney-in-fact, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorney to any and all amendments to said Report.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated:

Name	Title	Date
/s/ MANUEL A. FERNANDEZ ----- Manuel A. Fernandez	Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	December 16, 1998
/s/ JOHN F. HALLIGAN ----- John F. Halligan	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	December 15, 1998
/s/ MAX HOPPER ----- Max Hopper	Director	December 15, 1998
/s/ JOHN P. IMLAY ----- John P. Imlay	Director	December 15, 1998
/s/ STEPHEN G. PAGLIUCA ----- Stephen G. Pagliuca	Director	December 15, 1998
/s/ DENNIS G. SISCO ----- Dennis G. Sisco	Director	December 16, 1998
/s/ WILLIAM O. GRABE ----- William O. Grabe	Director	December 15, 1998
/s/ ROBERT E. WEISSMAN ----- Robert E. Weissman	Director	December 16, 1998
By: /s/ JOHN F. HALLIGAN ----- John F. Halligan Attorney-in-fact		December 15, 1998

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

GARTNER GROUP, INC.
CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report	F-2
Consolidated Balance Sheets as of September 30, 1998 and 1997	F-3
Consolidated Statements of Operations for Fiscal Years Ended September 30, 1998 and 1997 .	F-4
Consolidated Statements of Changes in Stockholders' Equity for Fiscal Years Ended September 30, 1998, 1997 and 1996	F-5
Consolidated Statements of Cash Flows for Fiscal Years Ended September 30, 1998, 1997 and 1996	F-6
Notes to the Consolidated Financial Statements	F-7

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
 Gartner Group, Inc.:

We have audited the accompanying consolidated balance sheets of Gartner Group, Inc. and subsidiaries as of September 30, 1998 and 1997, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended September 30, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gartner Group, Inc. and subsidiaries as of September 30, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 1998, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

St. Petersburg, Florida

October 30, 1998, except as to note 18 which is as of November 12, 1998, and the eighth paragraph of note 3 (Interpose acquisition), which is as of December 10, 1998

GARTNER GROUP, INC.
 CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS, EXCEPT SHARE DATA)

	SEPTEMBER 30,	
	----- 1998	1997 -----

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 157,744	\$ 142,415
Marketable securities	60,940	28,639
Fees receivable, net of allowances of \$4,125 and \$5,340.....	239,243	205,760
Deferred commissions	28,287	23,019
Prepaid expenses and other current assets	24,865	25,775
	-----	-----
Total current assets	511,079	425,608

Long-term marketable securities	43,610	17,691
Property, equipment and leasehold improvements, net	50,801	44,102
Intangible assets, net	155,786	132,195
Other assets	71,595	25,716
Total assets	\$ 832,871	\$ 645,312
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 96,151	\$ 85,411
Commissions payable	20,422	16,979
Accrued bonuses payable	10,249	15,722
Deferred revenues	288,013	254,071
Total current liabilities	414,835	372,183

Long-term deferred revenues	3,098	3,259
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock:		
\$.01 par value, authorized 2,500,000 shares; none issued or outstanding.....	--	--
Common stock:		
\$.0005 par value, authorized 200,000,000 shares of Class A Common Stock and 1,600,000 shares of Class B Common Stock; issued 113,719,037 shares of Class A Common (108,334,601 in 1997) and 0 shares of Class B Common Stock	57	54
Additional paid-in capital	262,776	179,017
Cumulative translation adjustment	(2,155)	(1,098)
Accumulated earnings	193,485	105,138
Treasury stock, at cost, 12,540,576 and 11,624,805 shares	(39,225)	(13,241)
Total stockholders' equity	414,938	269,870

Total liabilities and stockholders' equity	\$ 832,871	\$ 645,312
=====		

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

F-3

GARTNER GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

FISCAL YEAR ENDED SEPTEMBER 30,	1998	1997	1996

Revenues:			
Advisory and measurement	\$494,701	\$ 396,219	\$ 306,542
Learning	18,076	21,314	12,219
Other, principally consulting and conferences	129,180	93,706	75,911
Total revenues	641,957	511,239	394,672
Costs and expenses:			
Cost of services and product development	247,913	202,815	152,982
Selling, general and administrative	215,928	173,610	144,473
Acquisition-related charges	4,494	--	34,898
Nonrecurring charges	2,819	--	--
Depreciation	17,909	11,758	9,064
Amortization of intangibles	9,357	6,443	3,815
Total costs and expenses	498,420	394,626	345,232

Operating income	143,537	116,613	49,440
Minority interest	--	--	25
Loss on sale of GartnerLearning	(1,973)	--	--
Interest income, net	9,557	7,260	3,665

Income before provision for income taxes	151,121	123,873	53,130
Provision for income taxes	62,774	50,743	36,692

Net income	\$ 88,347	\$ 73,130	\$ 16,438
=====			
Net income per common share:			
Basic	\$.88	\$.77	\$.18
=====			
Diluted	\$.84	\$.71	\$.17
=====			
Weighted average shares outstanding:			
Basic	100,194	94,742	89,739
=====			
Diluted	105,699	102,751	98,854
=====			

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

F-4

GARTNER GROUP, INC.
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 (IN THOUSANDS, EXCEPT SHARE DATA)

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL
Balances at September 30, 1995	\$ 0	\$51	\$ 73,278
Net income	--	--	--
Issuance of 3,036,403 shares of Class A Common			
Stock upon exercise of stock options	--	1	5,752
Issuance of 199,648 shares of Class A Common			
Stock from purchases by employees	--	--	2,407
Issuance from treasury stock of 117,470 shares of Class A Common Stock from purchases by employees	--	--	2,140
Tax benefits of stock transactions with employees	--	--	29,415
Net transfers to D&B by Dataquest	--	--	--
Cumulative translation adjustment	--	--	--
Acquisition of Dataquest, Inc.	--	--	(15,000)
Acquisition of J3 Learning, Inc.	--	--	36,719
Balances at September 30, 1996	0	52	134,711
Net income	--	--	--
Issuance of 4,036,862 shares of Class A Common			
Stock upon exercise of stock options	--	2	13,594
Issuance from treasury stock of 195,721 shares of Class A Common Stock from purchases by employees	--	--	5,883
Conversion of 1,600,000 shares of Class B Common Stock into Class A Common Stock	--	--	--
Tax benefits of stock transactions with employees	--	--	36,833
Net share settlement of 449,932 shares of Class A Common Stock on forward purchase agreement	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	(12,004)
Cumulative translation adjustment	--	--	--
Balances at September 30, 1997	0	54	179,017
Net Income	--	--	--
Issuance of 5,370,690 shares of Class A Common			
Stock upon exercise of stock options	--	3	35,727
Issuance from treasury stock of 195,904 shares of Class A Common Stock from purchases by employees	--	--	5,885
Tax benefits of stock transactions with employees	--	--	47,273
Net share settlement of 365,949 shares of Class A Common Stock on forward purchase agreement	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	(12,045)
Acquisition of 655,800 shares of Class A Common Stock	--	--	--
302,003 shares of Class A Common stock received in settlement of officer loans	--	--	--
Issuance of 225,927 shares of Class A Common			
Stock related to acquisitions	--	--	6,919
Cumulative translation adjustment	--	--	--
Balances at September 30, 1998	\$ 0	\$57	\$ 262,776

	CUMULATIVE TRANSLATION ADJUSTMENT	ACCUMULATED EARNINGS	TREASURY STOCK	TOTAL STOCKHOLDERS' EQUITY
Balances at September 30, 1995	\$ (2,500)	\$ 17,257	\$ (13,835)	\$ 74,251
Net income	--	16,438	--	16,438
Issuance of 3,036,403 shares of Class A Common				
Stock upon exercise of stock options	--	--	--	5,753
Issuance of 199,648 shares of Class A Common				
Stock from purchases by employees	--	--	--	2,407
Issuance from treasury stock of 117,470 shares of Class A Common Stock from purchases by employees	--	--	264	2,404
Tax benefits of stock transactions with employees	--	--	--	29,415
Net transfers to D&B by Dataquest	--	(1,687)	--	(1,687)
Cumulative translation adjustment	(465)	--	--	(465)
Acquisition of Dataquest, Inc.	--	--	--	(15,000)
Acquisition of J3 Learning, Inc.	--	--	--	36,719
Balances at September 30, 1996	(2,965)	32,008	(13,571)	150,235
Net income	--	73,130	--	73,130
Issuance of 4,036,862 shares of Class A Common				
Stock upon exercise of stock options	--	--	--	13,596

Issuance from treasury stock of 195,721 shares of Class A Common Stock from purchases by employees	--	--	330	6,213
Conversion of 1,600,000 shares of Class B Common Stock into Class A Common Stock	--	--	--	--
Tax benefits of stock transactions with employees	--	--	--	36,833
Net share settlement of 449,932 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	--	(12,004)
Cumulative translation adjustment	1,867	--	--	1,867
Balances at September 30, 1997	(1,098)	105,138	(13,241)	269,870
Net Income	--	88,347	--	88,347
Issuance of 5,370,690 shares of Class A Common Stock upon exercise of stock options	--	--	--	35,730
Issuance from treasury stock of 195,904 shares of Class A Common Stock from purchases by employees	--	--	184	6,069
Tax benefits of stock transactions with employees	--	--	--	47,273
Net share settlement of 365,949 shares of Class A Common Stock on forward purchase agreement	--	--	--	--
Net cash settlement paid on forward purchase agreement	--	--	--	(12,045)
Acquisition of 655,800 shares of Class A Common Stock	--	--	(16,187)	(16,187)
302,003 shares of Class A Common stock received in settlement of officer loans	--	--	(9,985)	(9,985)
Issuance of 225,927 shares of Class A Common Stock related to acquisitions	--	--	4	6,923
Cumulative translation adjustment	(1,057)	--	--	(1,057)
Balances at September 30, 1998	\$ (2,155)	\$193,485	\$ (39,225)	\$ 414,938

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

F-5

GARTNER GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FISCAL YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
Operating activities:			
Net income	\$ 88,347	\$ 73,130	\$ 16,438
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization of intangibles	27,266	18,201	12,879
Acquisition-related charges	4,494	--	34,898
Provision for doubtful accounts	4,051	3,421	3,295
Equity in losses of minority owned company	512	202	(25)
Deferred revenues	30,292	41,750	35,800
Deferred tax expense (benefit)	906	1,554	(1,394)
Pre-acquisition tax benefit applied to reduce goodwill	--	275	517
Loss on sale of GartnerLearning	1,973	--	--
Changes in assets and liabilities, net of effects of acquisitions:			
Increase in fees receivable	(39,737)	(60,378)	(31,779)
Increase in deferred commissions	(5,132)	(4,262)	(1,154)
Increase in prepaid expenses and other current assets	(10,645)	(7,915)	(1,995)
(Increase) decrease in other assets	(5,100)	(2,707)	116
Increase (decrease) in accounts payable and accrued liabilities	2,311	23,058	(5,414)
Increase in commissions payable	3,566	1,785	2,160
(Decrease) increase in accrued bonuses payable	(5,309)	(957)	1,347
Cash provided by operating activities	97,795	87,157	65,689
Investing activities:			
Proceeds from sale of GartnerLearning	5,000	--	--
Payment for businesses acquired (excluding cash acquired)	(45,418)	(33,306)	(46,176)
Investments in unconsolidated subsidiaries	(19,814)	(9,089)	(750)
Addition of property, equipment and leasehold improvements	(24,269)	(21,513)	(15,614)
Marketable securities purchased, net	(58,220)	(13,229)	(4,268)
Loans to officers	(2,475)	(7,163)	--
Cash used for investing activities	(145,196)	(84,300)	(66,808)
Financing activities:			
Principal payments on long-term debt and capital lease obligations	--	--	(6,725)
Issuance of common stock and warrants	35,730	13,596	5,753
Proceeds from Employee Stock Purchase Plan offering	5,885	5,883	4,547
Tax benefits of stock transactions with employees	47,273	36,833	29,415
Distributions of capital between Dataquest and former parent	--	--	(1,687)
Net cash settlement on forward purchase agreement	(12,045)	(12,004)	--
(Purchase) sale of treasury stock	(13,931)	330	264
Cash provided by financing activities	62,912	44,638	31,567
Net increase in cash and cash equivalents	15,511	47,495	30,448
Effect of exchange rates on cash and cash equivalents	(182)	(1,835)	(274)
Cash and cash equivalents, beginning of period	142,415	96,755	66,581
Cash and cash equivalents, end of period	\$ 157,744	\$ 142,415	\$ 96,755
Supplemental disclosures of cash flow information: Cash paid during the period			

for:			
Interest	--	--	\$ 437
Income taxes	\$ 7,721	\$ 6,597	\$ 8,463
Supplemental schedule of non-cash investing and financing activities:			
Stock received in settlement of officer loans and related interest	\$ 9,985	--	--
Equity interest received in connection with sale of GartnerLearning	\$ 42,500	--	--
Stock and options issued in connection with acquisitions	\$ 6,923	--	\$ 36,719
Treasury stock transactions settled subsequent to year end	\$ 2,072	--	--

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

F-6

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation. The consolidated financial statements include the accounts of Gartner Group, Inc. ("GGI" or the "Company") and its majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated. Minority interest represents the minority stockholder's proportionate share of the equity in businesses owned less than 100%. The results of operations for acquisitions of companies accounted for using the purchase method have been included in the Consolidated Statements of Operations beginning on the effective date of acquisition. The Company's investments in 20% to 50% owned companies in which it has the ability to exercise significant influence over operating and financial policies are accounted for on the equity method. Investments of less than 20% are carried at cost.

Revenue and commission expense recognition. Revenue from advisory, measurement and learning ("AML") contracts is recognized as products and services are delivered, and as the Company's obligation to the client is completed over the contract, generally twelve months. The Company's policy is to record at the time of signing of an AML contract the fees receivable and related deferred revenues for the full amount of the contract billable on that date. All such contracts are non-cancelable and non-refundable, except for government contracts which have a 30-day cancellation clause. Government contracts have not produced material cancellations to date. All contracts are billable upon signing, absent special terms granted on a limited basis. 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 revenues are earned and amortized to income. Revenue from software licensing fees is recognized when the products have been delivered, collectibility is probable, and the related software license fees are fixed or determinable. Components of revenues attributable to future service are deferred and recognized as such services are performed. Other revenues consist principally of revenues recognized as earned from consulting services and conferences.

Cash equivalents and marketable securities. Marketable securities that mature within three months of purchase are considered cash equivalents. Investments with maturities of more than three months are classified as marketable securities. The Company's marketable securities consist of marketable debt securities which are classified as held-to-maturity and valued at amortized cost, which approximates market. It is management's intent to hold all investments to maturity.

Inventories. Inventories, which have primarily consisted of finished goods related to the Company's training business, GartnerLearning, are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories consist primarily of material costs, and are included in the balance sheet caption "Prepaid expenses and other current assets". Inventories were \$0 and \$2.1 million at September 30, 1998 and 1997, respectively.

Property, equipment and leasehold improvements. Property, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Property and equipment are depreciated using the straight-line

method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful lives of the asset or the remaining term of the related leases.

Software development costs. Under Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed," capitalization of computer software development costs is to begin upon the establishment of technological feasibility, limited to the net realizable value of the software product, and cease when the software product is available for general release to clients. Until these products reach technological feasibility, all costs related to development efforts are charged to expense. Amortization of capitalized computer software development costs begins when the products are available for general release to customers. Software development costs, subsequent to technological feasibility and prior to general release, have not been material and have been expensed.

Intangible assets. Intangible assets include goodwill, non-compete agreements, tradenames and other intangibles. Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and identifiable intangible net assets acquired. Amortization is recorded using the straight-line method over periods ranging from seven to thirty years. These amounts have been and are subject to adjustment in accordance with the provisions of the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("FAS 109") (see Note 9. Income Taxes). Non-compete agreements are being amortized on a straight-line basis over the period of the agreement ranging from three to five years. Tradenames and other intangibles are being amortized on a straight-line basis over their estimated useful lives ranging from four to thirty years. At the end of each quarter, the Company reviews events and

F-7

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

changes in circumstances to determine whether the recoverability of the carrying value of the intangible asset should be assessed. Should events or circumstances indicate that the carrying value may not be recoverable based on undiscounted future cash flows, an impairment loss measured by the difference between the discounted future cash flows (or another acceptable method for determining fair value) and the carrying value of the intangible would be recognized by the Company.

Foreign currency translation. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars at fiscal year-end exchange rates. Income and expense items are translated at average exchange rates prevailing during the fiscal year. The resulting translation adjustments are recorded as a component of stockholders' equity.

Income taxes. Deferred tax assets and liabilities are recognized based on differences between the book and tax bases of assets and liabilities using presently enacted tax rates. The provision for income taxes is the sum of the amount of income tax paid or payable for the year as determined by applying the provisions of enacted tax laws to taxable income for that year and the net changes during the year in the Company's deferred tax assets and liabilities.

Undistributed earnings of subsidiaries outside of the U.S. amounted to approximately \$12.1 million and will either be indefinitely reinvested or remitted substantially free of tax. Accordingly, no material provision has been made for taxes that may be payable upon remittance of such earnings, nor is it practicable to determine the amount of this liability. The Company credits additional paid-in capital for realized tax benefits arising from stock transactions with employees. The tax benefit on a non-qualified stock option is equal to the tax effect of the difference between the market price of a share of the Company's common stock on the exercise and grant dates. To the extent the

Company incurs employment taxes as a direct result of the exercise of such stock options, this cost is charged to additional paid-in capital.

Computations of income per share of common stock. In February 1997, Statement of Financial Accounting Standards No. 128 "Earning per Share" ("FAS 128") was issued. The Statement sets forth guidance on the presentation of earnings per share ("EPS") and requires dual presentation of basic and diluted earnings per share on the face of the income statement. Basic EPS is computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in earnings, including stock options and warrants. EPS amounts have been calculated and presented under the provisions of FAS 128.

The following table sets forth the required disclosures of the reconciliation of the basic and diluted net earnings per share computations.

	FISCAL YEAR ENDED SEPTEMBER 30		
	1998	1997	1996
Numerator:			
Net income	\$ 88,347	\$ 73,130	\$ 16,438
Denominator			
Denominator for basic earnings per share--weighted average number of common shares outstanding	100,194	94,742	89,739
Effect of dilutive securities:			
Weighted average number of common shares under warrant outstanding	298	274	310
Weighted average number of option shares outstanding	5,207	7,735	8,805
Dilutive potential common shares	5,505	8,009	9,115
Denominator for diluted earnings per share--adjusted weighted average number of common shares outstanding	105,699	102,751	98,854
Basic earnings per common share	\$ 0.88	\$ 0.77	\$ 0.18
Diluted earnings per common share	\$ 0.84	\$ 0.71	\$ 0.17

For the fiscal year ended September 30, 1998, options to purchase 2.2 million shares of Class A Common Stock of the Company with exercise prices greater than the average fair market value of the Company's stock for the period of

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

\$32.67 were not included in the calculation because the effect would have been antidilutive. All outstanding options for the fiscal years ended September 30, 1997 and 1996 were dilutive and were included in the calculation of diluted earnings per share.

Recently issued accounting standards. In June 1997, Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("FAS 130") and "Disclosures about Segments of an Enterprise and Related Information" ("FAS 131") were issued. FAS 130 establishes standards for reporting and disclosure of comprehensive income and its components in a full set of general-purpose financial statements. This statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. FAS 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to stockholders which is currently not required. It also establishes standards for related disclosures about products and services, geographic areas

and major customers. The Company is required to adopt both new disclosure standards in the first quarter of fiscal 1999.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". SOP 98-1 requires companies to capitalize certain costs of computer software developed or obtained for internal use and amortize such costs over the software's estimated useful life. The Company is required to adopt SOP 98-1 in fiscal 2000. The Company is currently evaluating the effect of adoption of SOP 98-1 on the Company's financial position and results of operations.

In June 1998, Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities " ("FAS 133") was issued. FAS 133 establishes a new model for accounting for derivatives and hedging activities. The Statement requires all derivatives be recognized in the statement of financial position as either assets or liabilities and measured at fair value. The Company is required to adopt FAS 133 in fiscal 2000. The Company is currently evaluating the effect of adoption of FAS 133 on the Company's financial position and results of operations.

Fair Value of Financial Instruments. Most of Company's financial instruments, including cash, marketable securities, trade receivables and payables, and accruals are short-term in nature. Accordingly, the carrying amount of these financial instruments approximates its fair value (see Note 11 regarding forward purchase agreements).

Concentrations of Credit Risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, marketable securities and fees receivable. The Company invests its cash primarily in a diversified portfolio of highly-rated municipal and government bonds. Concentrations of credit risk with respect to fees receivables are limited due to the large number of customers comprising the Company's customer base and their dispersion across many different industries and geographic regions.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures, if any, of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates are used when accounting for such items as allowance for doubtful accounts, depreciation, amortization, income taxes and certain accrued liabilities.

2--RELATED PARTIES

The Dun and Bradstreet Corporation ("D&B"), an investor in Information Partners Capital Fund, L.P. ("the Fund"), provided a portion of the financing in connection with the acquisition of the Company in October 1990. In April 1993, D&B acquired a majority of the outstanding voting securities of the Company in transactions among the Company, D&B and persons and entities associated with the Fund. On November 1, 1996, D&B transferred ownership of its Class A and Class B Common Stock of the Company to Cognizant Corporation ("Cognizant"), a spin-off of D&B and an independent public company. At the date of transfer, these shares represented 51% of the Company's outstanding common stock. During fiscal 1997, Cognizant's ownership of the Company's outstanding common stock fell below 50%. On June 30, 1998, Cognizant transferred its ownership in the Company to IMS Health Incorporated, ("IMS Health"), a spin-off of Cognizant and an independent public company. (See Note 18--Subsequent Event.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

On June 4, 1997, with the Board of Directors approval, the Company provided loans totaling \$7.2 million to certain officers to facilitate the purchase of common stock arising out of the exercise of stock options. The loans proceeds were not used to fund the option exercise price of the common stock acquired. The loans were full recourse obligations to the officers and were secured by shares of the Company's stock. The loans bore interest at an annual rate of 6.1%. The principal amount of the loans totaling \$7.2 million are included in other assets on the September 30, 1997 Consolidated Balance Sheets. On December 18, 1997, with the Board of Directors approval, the Company provided additional loans for the same purpose to certain officers totaling \$2.5 million. The loans bore interest at an annual rate of 5.6%. On July 23, 1998, with Board of Directors' approval, the Company received 302,003 shares of Class A Common Stock in settlement of the loan balance and accrued interest due.

3--ACQUISITIONS

On December 1, 1995, the Company acquired all the outstanding shares of Dataquest, a wholly-owned subsidiary of D&B, for consideration of \$15.0 million in cash, 3,000,000 shares of Class A Common Stock with an approximate fair market value of \$60.0 million, and a five year warrant to purchase 600,000 shares of Class A Common Stock at \$16.42 per share. Dataquest is a provider of information technology ("IT") market research and consulting for the IT vendor manufacturer and financial communities which complements the GGI end user focus. The Company has accounted for the acquisition as a transfer and exchange between companies under common control and the 3,000,000 shares have been assumed to be outstanding for all periods presented. Accordingly, the accounts of Dataquest have been combined with the Company's at historical cost in a manner similar to a pooling of interests. Transaction costs of \$1.7 million relating to the acquisition have been included in acquisition-related charges in the Consolidated Statement of Operations for fiscal 1996.

Combined and separate results of the Company and Dataquest during the periods preceding the merger were as follows (in thousands):

THREE MONTHS ENDED DECEMBER 31, 1995 (UNAUDITED)	GGI	DATAQUEST	COMBINED
Total revenues	\$76,005	\$20,469	\$96,474
Net income	\$10,570	\$ 923	\$11,493

There were no intercompany transactions between the two companies for the period.

On July 31, 1996, the Company acquired all of the outstanding shares of J3 Learning Corporation ("J3") for consideration of approximately \$8.0 million in cash, 1,065,290 shares of Class A Common Stock which had an approximate fair market value of \$35.4 million and options to purchase Class A Common Stock which had a value of \$1.3 million. J3 publishes, markets and distributes software educational materials for corporate and individual training (collectively known as "technology based training"). The acquisition was accounted for by the purchase method, and the purchase price has been allocated to the assets acquired and liabilities assumed, based upon the 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 \$51.1 million. Of such amount, \$32.2 million was expensed at acquisition as purchased in-process research and development costs and is included in acquisition-related charges in the Consolidated Statement of Operations for fiscal 1996, and substantially all of the remaining excess purchase price was allocated to goodwill and tradename.

The following unaudited pro forma summary presents the consolidated results of operations of the Company for the fiscal year ended September 30, 1996 as if the acquisition of J3 had occurred at the beginning of the year and does not

purport to be indicative of what would have occurred had the acquisition been made as of that date (in thousands, except per share data):

Total revenue	\$ 401,329
Net income	\$ 11,749
Net income per diluted common share	\$ 0.12

F-10

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

On September 1, 1998, the Company sold its technology based training business (see Note 4--Sale of GartnerLearning).

On August 1, 1997, the Company acquired all of the outstanding shares of Datapro Information Services ("Datapro"), a unit of McGraw-Hill Companies for consideration of approximately \$25.0 million in cash. Datapro is a provider of information on product specifications and pricing, product comparisons, technology reports, market overviews, case studies and user ratings surveys. Datapro's services and products provide feature and side-by-side comparisons of computer hardware, software and communications products. 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 the 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 \$33.5 million and has been recorded as goodwill which is being amortized over 30 years. In addition, \$2.5 million of the purchase price was allocated to a non-compete agreement which is being amortized over 4 years. If the acquisition of Datapro had occurred at the beginning of fiscal year 1996, consolidated total revenues on a pro forma basis would have been \$536.6 million and \$431.4 million for fiscal years 1997 and 1996, respectively. This revenue does not purport to be indicative of what would have occurred had the acquisition been made as of that date or of total revenues which may occur in the future. The pro forma effect on the Company's net income and net income per common share for fiscal 1997 and 1996 is not material.

On October 22, 1997, the Company acquired a 32% membership interest in Jupiter Communications, LLC ("Jupiter") for \$8.0 million in cash. On September 16, 1998, the Company increased its membership interest in Jupiter to 37% for an additional \$1.3 million in cash. Jupiter is a provider of analyst-based research and strategic planning services to the consumer and Internet and interactive industries. This investment is accounted for under the equity method of accounting. The excess of the cost of the investment over the underlying proportionate share of net assets (goodwill) in Jupiter totaling \$9.3 million is being amortized over 30 years and is included in other assets in the Consolidated Balance Sheets.

On January 30, 1998, the Company acquired all the assets and assumed the liabilities of Interpose, Inc. ("Interpose"), for \$7.5 million in cash and 13,746 shares of Class A Common Stock of the Company which had an approximate fair market value of \$0.5 million. Interpose is a provider of total cost of ownership (TCO) measurement and analysis tools and training. The acquisition was accounted for by the purchase method, and the purchase price has been allocated to the assets acquired and 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 \$7.5 million. Of such amount, \$6.3 million was expensed during the second quarter of 1998 as purchased in-process research and development costs and is presented as the acquisition-related charge in the Consolidated Statements of Operations. On December 10, 1998, the Company revised the amount of expensed purchased

in-process research and development costs from \$6.3 million to \$4.5 million. The change was in response to recently developed guidance from the Securities and Exchange Commission. Of the remaining excess purchase price, \$2.3 million was allocated to goodwill which is being amortized over 12 years and \$0.9 million was allocated to a non-compete agreement which is being amortized over 5 years.

On May 18, 1998, the Company acquired all the assets and assumed the liabilities of The Research Board, Inc., for \$6.4 million in cash and 183,945 shares of Class A Common Stock of the Company which had an approximate fair market value of \$5.7 million. 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 \$13.5 million, of which \$12.9 million has been recorded as goodwill, which is being amortized over 30 years. In addition, \$0.6 million of the purchase price was allocated to a non-compete agreement which is being amortized over 5 years.

On September 4, 1998, the Company acquired all of the outstanding shares of Vision Events International, Inc., for \$20.5 million in cash. Vision Events International, Inc. produces premiere channel events that serve to bring information technology vendors, value-added resellers, and system integrators together with vendors and distributors selling through these channels. 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 \$24.0 million of which \$23.6 million has been recorded as goodwill which is being amortized over 30 years. In addition, \$0.4 million of the purchase price was allocated to a non-compete agreement which is being amortized over 3 years.

During fiscal 1998, the Company completed additional acquisitions for consideration of \$12.8 million in cash and 28,236 shares of Class A Common Stock of the Company which had an approximate fair market value of \$0.7 million.

F-11

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

During fiscal 1997, the Company completed additional acquisitions for \$8.1 million in cash. These acquisitions have been accounted for under the purchase method and substantially all of the purchase price has been assigned to goodwill.

The pro forma results of operations for fiscal years 1998 and 1997, assuming the fiscal 1998 acquisitions were made at the beginning of each year would not differ significantly from the historical results.

On October 7, 1998, the Company acquired all the assets and assumed the liabilities of Griggs-Anderson, Inc., for \$10.9 million in cash and 306,475 shares of Class A Common Stock of the Company which had an approximate fair market value of \$7.3 million. Griggs-Anderson, Inc. provides custom market research to vendors in the technology marketplace, research and surveys for the evaluation of Web sites for effectiveness of content, technical performance, ease of navigation, impact of graphics, and demographic profiles of users. The acquisition was accounted for by the purchase method.

4--SALE OF GARTNERLEARNING

On September 1, 1998, the Company sold GartnerLearning, a division of the Company that provides technology based training and services for information technology professionals to Netg Inc. ("Netg"), a subsidiary of Harcourt Brace &

Company, for \$5.0 million in cash and an 8% equity interest in Netg. In addition, the Company received a put option which allows the Company to sell its 8% equity interest to an affiliate of Harcourt Brace & Company for \$48.0 million in cash. This put option may be exercised for two years beginning on September 1, 2002, if certain conditions are met. The Company's 8% interest in Netg has an independently appraised fair value of \$42.5 million and is included in other assets in the Consolidated Balance Sheets. Including transaction costs related to the sale of \$3.8 million, the pre-tax loss on sale of GartnerLearning was approximately \$2.0 million (also see Note 10--Income Taxes for the impact of the sale on the income tax provision).

5--NONRECURRING CHARGES

During fiscal 1998, the Company recorded nonrecurring charges, primarily consisting of relocation and severance costs, totaling approximately \$2.8 million related to the Company's relocation of certain accounting and order processing operations from Stamford, Connecticut to a new financial services center in Ft. Myers, Florida. These expenses are recorded as nonrecurring charges in the Consolidated Statements of Operations.

6--PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS Property, equipment and leasehold improvements, carried at cost, less accumulated depreciation and amortization consist of the following (in thousands):

	USEFUL LIFE (YEARS)	SEPTEMBER 30,	
		1998	1997
Furniture and equipment	3-8	\$ 27,278	\$ 25,568
Computer equipment	2-3	60,809	56,979
Leasehold improvements	2-15	21,916	19,257
		110,003	101,804
Less--accumulated depreciation and amortization		(59,202)	(57,702)
		\$ 50,801	\$ 44,102
		=====	=====

7--INTANGIBLE ASSETS, NET

Intangible assets, net, carried at cost, less accumulated amortization consist of the following (in thousands):

	AMORTIZATION PERIOD (YEARS)	SEPTEMBER 30,	
		1998	1997
Goodwill	7-30	\$ 168,936	\$ 138,537
Non-compete agreements	3-5	5,489	3,462
Tradenames	12	778	6,978
Title library	4	--	1,900
		175,203	150,877
Less--accumulated amortization		(19,417)	(18,682)
		\$ 155,786	\$ 132,195
		=====	=====

8--COMMITMENTS AND CONTINGENCIES

The Company leases various facilities, furniture and computer equipment under lease arrangements expiring between fiscal 1999 and 2022.

Future minimum annual payments under operating lease agreements as of September 30, 1998 are as follows (in thousands):

FISCAL YEAR	

1999	\$ 16,259
2000	13,973
2001	11,140
2002	8,546
2003	7,225
Thereafter	52,840

Total minimum lease payments	\$109,983
	=====

Rental expense for operating leases, net of sublease income, was \$21.3 \$16.8, and \$11.0 million for the fiscal years ended September 30, 1998, 1997 and 1996, respectively. The Company has commitments with two facilities management companies for printing, copying, mail room and other related services. The minimum annual obligations under these service agreements are \$4.8 million for fiscal 1998, 1999, and 2000, \$4.2 million for fiscal 2001 and 2002, and \$1.1 million for fiscal year 2003.

The Company is involved in legal proceedings and litigation arising in the ordinary course of business. The Company believes the outcome of all current proceedings, claims and litigation will not have a material effect on the Company's financial position or results of operations when resolved in a future period.

9--LONG-TERM OBLIGATIONS

The Company has available two unsecured credit lines with The Bank of New York and Chase Manhattan Bank for \$5.0 million and \$25.0 million, respectively. Borrowings under The Bank of New York line accrue interest charges at LIBOR plus 2%. Alternatively, the rate shall be the higher of the prime commercial lending rate of the bank or the Federal Funds Rate plus 1/2 of 1% in the event LIBOR is unavailable. The Chase Manhattan Bank line carries an interest rate equal to either the prime rate of Chase Manhattan Bank, LIBOR plus .25% for periods of 30, 60 or 90 days as the Company may choose, or a "fixed option" rate. There are no commitment fees associated with these lines. These lines may be canceled by the banks at any time without prior notice or penalty. No borrowings were outstanding under either line at September 30, 1998 and 1997.

Letters of credit are issued by the Company in the ordinary course of business. The Company had outstanding letters of credit with Chase Manhattan Bank of \$4.1 million and \$2.0 million with The Bank of New York as of September 30, 1998.

10--INCOME TAXES

Following is a summary of the components of income before provision for income taxes (in thousands):

	1998	1997	1996
U.S.	\$113,589	\$ 93,758	\$40,650
Non-U.S.	37,532	30,115	12,480
Consolidated	<u>\$151,121</u>	<u>\$123,873</u>	<u>\$53,130</u>

F-13

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The provision for income on the above income consists of the following components (in thousands):

	FISCAL YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
Current tax expense:			
U.S. federal	\$ 2,081	\$ 797	\$ 1,775
State and local	2,257	1,872	2,178
Foreign	8,927	8,208	3,164
Total current	<u>13,265</u>	<u>10,877</u>	<u>7,117</u>
Deferred tax expense (benefit):			
U.S. federal	921	434	58
State and local	552	912	(1,347)
Foreign	(567)	208	(105)
Total deferred	<u>906</u>	<u>1,554</u>	<u>(1,394)</u>
Total current and deferred	<u>14,171</u>	<u>12,431</u>	<u>5,723</u>
Benefit of stock transactions with employees allocated to additional paid-in capital	48,603	38,037	30,452
Benefit of purchased tax benefits credited to goodwill	--	275	517
Total provision for income taxes	<u>\$62,774</u>	<u>\$50,743</u>	<u>\$ 36,692</u>

Current and long-term deferred tax assets and liabilities are comprised of the following (in thousands):

	SEPTEMBER 30,	
	1998	1997
Depreciation	\$ 666	\$ 895
Expense accruals for book purposes	4,285	6,992
Loss and credit carryforwards	11,456	9,380
Intangible assets	1,814	--
Other	1,104	1,706
Gross deferred tax asset	<u>19,325</u>	<u>18,973</u>
Intangible assets	(2,299)	(3,383)
Equity interest	(2,477)	--
Other	(89)	(858)

Gross deferred tax liability	(4,865)	(4,241)
Valuation allowance	(6,444)	(4,962)
	-----	-----
Net deferred tax asset	\$ 8,016	\$ 9,770
	=====	=====

Current and long-term net deferred tax assets are \$1.8 million and \$6.2 million as of September 30, 1998 and \$5.1 million and \$4.7 million as of September 30, 1997, respectively, and are included in Prepaid expenses and other current assets and other assets, respectively, in the Consolidated Balance Sheets.

The valuation allowance relates to domestic and foreign tax loss carryforwards that more likely than not will expire unutilized. The net increase in the valuation allowance of approximately \$1.5 million in the current year results primarily from the increase in state tax carryforwards of approximately \$2.0 million and the net utilization of foreign tax loss carryforwards of approximately \$0.5 million. The net decrease in the valuation allowance of approximately \$1.6 million in fiscal 1997 was due primarily from the utilization of foreign tax loss carryforwards. The tax benefit from such tax loss carryforwards was \$1.2, \$1.7, and \$1.0 million for fiscal years 1998, 1997, and 1996, respectively. Approximately \$3.4 million of the valuation allowance would reduce paid-in-capital upon subsequent recognition of any related tax benefits.

F-14

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The differences between the U.S. federal statutory income tax rate and the Company's effective rate are:

	SEPTEMBER 30,		
	1998	1997	1996

Statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	4.3	4.5	5.3
Foreign income taxed at a different rate	0.7	0.6	1.5
Non-deductible goodwill and direct acquisition costs	3.5	0.9	0.9
Non-taxable interest income	(1.3)	(0.9)	(1.3)
Exempt foreign trading gross receipts	(1.4)	(1.0)	--
Other items	0.7	1.9	1.6
	-----	-----	-----
Effective rate without write-off of purchased in-process research and development costs	41.5	41.0	43.0
Non-deductible write-off of purchased in-process research and development costs	--	--	26.1
	-----	-----	-----
Effective tax rate	41.5%	41.0%	69.1%
	=====	=====	=====

The sale of GartnerLearning resulted in an additional tax provision of \$4.2 million primarily due to the reversal of non-deductible goodwill. The effective tax rate, less the impact of the sale of GartnerLearning, was 39%.

As of September 30, 1998, the Company had U.S. federal tax loss carryforwards of \$10.0 million which will expire in ten to twelve years and state and local tax loss carryforwards of \$57.6 million, the majority of which will expire in three to five years. The U.S. federal tax loss carryforwards are subject to limitations on their use under the Internal Revenue Code. In addition, the Company has foreign tax loss carryforwards of \$4.6 million, of which \$0.5 million will expire within three to five years, and \$4.1 million can be carried forward indefinitely.

11--CAPITAL STOCK AND STOCK REPURCHASE PROGRAM

The Company effected a two-for-one stock split of its Class A and Class B Common Stock by means of a stock dividend in March 1996, June 1995 and August 1994. All earnings per share and share data presented herein have been restated

retroactively to reflect such splits. As of September 30, 1997, the Company had recorded the conversion of all Class B Common Stock into Class A Common Stock on a one for one basis, pursuant to a provision of the Articles of Incorporation which requires conversion when the Class B Common Stockholder's voting equity falls below a certain ownership percentage after considering all exercisable options and warrants outstanding. Class A Common Stock stockholders are entitled to one vote per share on all matters to be voted by stockholders, other than the election of directors. Prior to the conversion of the Class B Common Stock, Class B Common stockholders had certain preferential voting rights with respect to the election of members of the Board of Directors.

Beginning in fiscal 1997, the Company has entered into a series of forward purchase agreements on its Class A Common Stock. These agreements are settled quarterly at the Company's option on a net basis in either shares of its own Class A Common Stock or cash. To the extent that the market price of the Company's Class A Common Stock on a settlement date is higher (lower) than the forward purchase price, the net differential is received (paid) by the Company. During fiscal 1997, two settlements resulted in the Company receiving 449,932 shares of Class A Common Stock (recorded in Treasury stock at no cost) and paying approximately \$12.0 million in cash (recorded as a reduction of additional paid-in capital). During fiscal 1998, four settlements resulted in the Company receiving 365,949 shares of Class A Common Stock and paying approximately \$12.0 million in cash. As of September 30, 1998, a forward purchase agreement in place covered approximately \$27.2 million or 984,119 shares of Class A Common Stock having forward purchase prices established at \$27.63 per share. If the market priced portion of this agreement was settled based on the September 30, 1998 market price of Class A Common Stock (\$21.94 per share), the Company would settle under the terms of the forward purchase agreement with a payment of either \$5.6 million in cash or 255,142 shares of Class A Common Stock.

On August 24, 1998, the Company's Board of Directors approved the repurchase of up to 2,500,000 shares of Class A Common Stock. The stock repurchase program is intended to offset the dilutive effect of the Company's stock-based employee compensation plans. As of September 30, 1998, the Company has repurchased 655,800 shares of Class A Common Stock at a cost of approximately \$16.2 million.

F-15

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

12--EMPLOYEE STOCK PURCHASE PLANS

In January 1993, the Company adopted an employee stock purchase plan (the "1993 Employee Stock Purchase Plan"), and reserved an aggregate of 4,000,000 shares of Class A Common Stock for issuance under this plan. The plan permits eligible employees to purchase Class A Common Stock through payroll deductions, which may not exceed 10% of an employee's compensation (or \$21,250 in any calendar year), at a price equal to 85% of Class A Common Stock price as reported by NYSE at the beginning or end of each offering period, whichever is lower. During fiscal year 1998, 195,904 shares were issued from treasury stock at an average purchase price of \$30.98 per share in conjunction with this plan. At September 30, 1998, 2,078,933 shares were available for offering under the plan.

13--STOCK OPTIONS AND WARRANTS

Under the terms of the 1991 Stock Option Plan, (the "Option Plan"), the Board of Directors may grant non-qualified and incentive options, entitling employees to purchase shares of the Company's common stock at the fair market value on the date of grant. The Board can determine the date on which options vest and become exercisable. A total of 32,800,000 and 22,800,000 shares of Class A Common Stock were reserved for issuance under the Option Plan as of September 30, 1998 and 1997, respectively. In April 1998, the Board of Directors adopted an amendment,

subject to final shareholder approval, to the Option Plan to increase the number of shares reserved for issuance thereunder by 10,000,000 shares. At September 30, 1998 and 1997, 9,001,508 and 2,955,416 options were available for grant, respectively.

In January 1993, the Company adopted a stock option plan for directors (the "1993 Director Option Plan") and reserved an aggregate of 1,200,000 shares of Class A Common Stock for issuance under this plan. The plan provided for the automatic grant of 120,000 options to purchase shares of Class A Common Stock to each non-employee director upon first becoming a director on or after February 1, 1993, and the automatic grant of an option to purchase an additional 24,000 options to purchase shares of Class A Common Stock annually based on continuous service as a director. In January 1996, the plan was amended to provide for the automatic grant of 15,000 options to purchase shares of Class A Common Stock to each non-employee director upon first becoming a director and the automatic grant of an option to purchase an additional 3,000 options to purchase shares of Class A Common Stock annually based on continuous service as a director. The exercise price of each option granted under the plan is equal to the fair value of the Class A Common Stock at the date of grant. Options granted are subject to cumulative yearly vesting over a three year period after the date of grant and the number of shares to be granted under the amended terms will not be adjusted for any future stock splits. At September 30, 1998 and 1997, 603,000 and 621,000 options were available for grant, respectively.

In October 1994, the Board of Directors and stockholders of the Company approved the adoption of a Long-Term Stock Option Plan ("the 1994 Long-Term Plan") and the reservation of an aggregate of 6,560,000 shares of Class A Common Stock for issuance thereunder. The purpose of the plan is to provide to senior personnel long-term equity participation in the Company as an incentive to promote the long-term success of the Company. The exercise price of each option granted under the plan is equal to the fair value of the Class A Common Stock at the date of grant. All options granted under the plan vest and become fully exercisable five years following the date of grant, based on continued employment, and have a term of ten years from the date of grant assuming continued employment. Vesting and exercisability accelerates upon achievement of certain financial performance targets determined by the Board of Directors. If all financial performance targets are met timely in accordance with parameters as set by the Board in its sole discretion, 25% of the shares granted become exercisable on the first anniversary date following the date of grant and, if subsequent financial performance targets are met for both the first and second fiscal years following the date of grant, a second 25% become exercisable three years following the date of grant. If financial performance targets are met consecutively for all three fiscal years following the date of grant, a third 25% become exercisable on the fourth anniversary date following the date of grant and the final 25% become exercisable on the fifth anniversary following the date of grant. Failure to achieve the specified target or targets for any one fiscal year or consecutive fiscal years can be remedied by achievement of the cumulative target in a succeeding fiscal year or years. Based on fiscal 1996, 1997 and 1998 performance, 1,048,280 shares were exercisable on September 30, 1998. An additional 1,475,000 options became exercisable on October 10, 1998. At September 30, 1998 and 1997, 287,500 and 810,000 shares were available for grant, respectively.

In October 1996, the Company adopted the 1996 Long Term Stock Option Plan ("the 1996 long-term Plan"). Under the terms of the plan, the Board of Directors may grant non-qualified and incentive options, entitling employees to purchase shares of the Company's common stock at the fair market value at the date of option grant. A total of 1,800,000 shares of Class A Common Stock was reserved for issuance under this plan. All options granted under the plan vest and become fully exercisable six years following the date of grant, based on continued employment, and have a term of ten years from the date of grant assuming continued employment. Vesting and exercisability accelerates upon achieve-

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

ment of certain financial performance targets determined by the Board of Directors. If all financial performance targets are met timely in accordance with parameters as set by the Board in its sole discretion, 25% of the shares granted become exercisable on the third anniversary date following the date of grant and, if subsequent financial performance targets are met for both the first and second years following the date of grant, a second 25% become exercisable four years following the date of grant. If financial performance targets are met consecutively for all three years following the date of grant, a third 25% become exercisable on the fifth anniversary date following the date of grant and the final 25% become exercisable on the sixth anniversary following the date of grant. Based on fiscal 1997 and 1998 performance, 815,250 options will be exercisable on February 24, 2000. At September 30, 1998 and 1997, 169,500 and 25,000 options to purchase common stock were available for grant.

On April 4, 1997, the Company repriced certain stock options granted from October 1995 through January 1997 under the 1991 Option Plan and the 1994 Long-Term Plan. In total, options to purchase 1,647,000 shares of common stock were repriced at an exercise price of \$23.875 per share. The original vesting schedules and expiration dates associated with these stock options were also amended to coincide with the stock option repricing date. These amounts have been included as granted and canceled options during fiscal 1997 in the summary activity table shown below.

A summary of stock option activity under the plans and agreement through September 30, 1998 follows:

	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE

Outstanding at September 30, 1995	19,126,154	\$ 4.439
Granted	3,665,506	\$ 21.943
Exercised	(3,036,403)	\$ 1.994
Canceled	(968,660)	\$ 9.809
	-----	-----
Outstanding at September 30, 1996	18,786,597	\$ 6.922
Granted	5,694,814	\$ 23.023
Exercised	(4,036,862)	\$ 3.385
Canceled	(2,623,199)	\$ 26.416
	-----	-----
Outstanding at September 30, 1997	17,821,350	\$ 11.462
Granted	5,060,949	\$ 33.329
Exercised	(5,370,690)	\$ 6.716
Canceled	(1,380,577)	\$ 20.539
	-----	-----
Outstanding at September 30, 1998	16,131,032	\$ 19.086
	=====	=====

Options for the purchase of 4,317,310 and 3,492,390 shares were exercisable at September 30, 1998 and 1997, respectively.

The following table summarizes information about stock options outstanding at September 30, 1998:

	WEIGHTED AVERAGE	WEIGHTED AVERAGE REMAINING CONTRACTUAL
RANGE OF		

EXERCISE PRICES	NUMBER OUTSTANDING	NUMBER EXERCISABLE	EXERCISE PRICE	LIFE (YEARS)
\$ 0.63 - 0.94	401,673	401,673	\$ 0.82	1.0
\$ 1.13 - 4.83	1,144,180	625,140	\$ 3.07	2.1
\$ 5.84 - 9.50	4,500,270	1,563,750	\$ 7.20	5.9
\$10.28 - 13.88	361,798	361,798	\$ 12.07	5.5
\$16.63 - 21.09	3,957,508	950,173	\$ 20.02	8.0
\$25.15 - 38.44	5,765,603	414,776	\$ 32.49	9.2
	16,131,032	4,317,310		

F-17

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

A warrant expiring December 1, 2000 to purchase 600,000 shares of Class A Common Stock at \$16.42 per share is held by IMS Health. The warrant was issued in connection with the acquisition of Dataquest.

The Company has chosen to continue applying APB No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for the fixed stock option plans. Pursuant to the requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", (FAS 123), the following are the pro forma net income and net income per share for the years ended September 30, 1998, 1997 and 1996 had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant date for grants under those plans:

		SEPTEMBER 30,		
		1998	1997	1996
Net Income	As reported	\$ 88,347	\$ 73,130	\$ 16,438
	Pro forma	\$ 58,480	\$ 62,497	\$ 10,616
Net Income Per Diluted Common Share	As reported	\$ 0.84	\$ 0.71	\$ 0.17
	Pro forma	\$ 0.55	\$ 0.61	\$ 0.11

The pro forma disclosures shown above reflect options granted after fiscal 1995 and are not likely to be representative of the effects on net income and net income per common share in future years.

The fair value of the Company's stock plans used to compute pro forma net income and diluted earnings per share disclosures is the estimated fair value at grant date using the Black-Scholes option pricing model. The following weighted-average assumptions were for stock options granted or modified:

	1998	1997	1996
Expected life (in years)	2.4 - 6.4	2.4 - 6.4	2.4 - 6.4
Expected volatility	.40	.40	.38
Risk free interest rate	4.22% - 4.39%	6.00% - 6.09%	6.00%
Expected dividend yield	0.00%	0.00%	0.00%

The weighted average fair values of the Company's stock options granted in fiscal 1998, 1997 and 1996 are \$12.00, \$12.32 and \$5.56, respectively.

14--EMPLOYEE BENEFIT AND DEFERRED COMPENSATION PLANS

The Company has a savings and investment plan covering substantially all domestic employees. The Company contributes amounts to this plan based upon the level of the employee contributions. In addition, the Company also contributes fixed and discretionary amounts based on employee participation and attainment of operating margins specified by the Board. Amounts expensed in connection with the plan totaled \$5.4, \$4.6, and \$3.2 million for the years ended September 30, 1998, 1997 and 1996, respectively.

15--GEOGRAPHIC DATA

The Company's consolidated revenues are generated primarily through direct sales to clients by domestic and international sales forces, a network of independent international distributors, and to a lesser extent by international joint venture partners. The Company defines "Europe Revenues" as revenues attributable to clients located in England and the European region and "Other International Revenues" as revenues attributable to all other areas located outside of the United States.

European identifiable tangible assets consist primarily of the assets of the European subsidiaries and include the accounts receivable balances carried directly by the subsidiaries located in England, France and Germany. All other European customer receivables are maintained by, and therefore are included as identifiable assets of, the U.S. operations.

F-18

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Summarized information by geographic location is as follows (in thousands):

	FISCAL YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996

United States:			
Revenues	\$402,957	\$333,038	\$253,451
Operating Income	\$ 74,191	\$ 62,884	\$ 26,359
Identifiable tangible assets	\$551,030	\$407,262	\$282,201
Europe:			
Revenues	\$183,803	\$121,971	\$ 98,789
Operating Income	\$ 52,879	\$ 36,800	\$ 15,968
Identifiable tangible assets	\$ 93,409	\$ 73,974	\$ 50,564
Other International:			
Revenues	\$ 55,197	\$ 56,230	\$ 42,432
Operating Income	\$ 16,467	\$ 16,929	\$ 7,113
Identifiable tangible assets	\$ 31,888	\$ 27,654	\$ 18,199

Excluding acquisition-related and nonrecurring charges, operating income in the United States was \$81.5 million for fiscal 1998 and \$61.3 million for fiscal 1996.

16--SELECTED CONSOLIDATED BALANCE SHEET AND STATEMENTS OF OPERATIONS DATA

A summary of Selected Consolidated Balance Sheets and Statements of Operations Data is set forth below (in thousands):

	BALANCE SHEETS DATA		STATEMENTS OF OPERATIONS DATA		
	GROSS FEES RECEIVABLE	DEFERRED REVENUES	AML REVENUE	OTHER REVENUES	TOTAL FISCAL YEAR REVENUES
Balance as of September 30, 1995	\$ 115,849	\$ 164,449	\$237,168	\$ 57,978	\$295,146
Billings	420,037	340,474	22,071	67,432	
Acquisition balances	3,976	1,663	--	--	
Cash collections	(391,640)	--	--	--	
AML revenue amortization	--	(296,690)	296,690	--	
Other service revenue amortization	--	(8,479)	--	8,479	
Balance as of September 30, 1996	148,222	201,417	318,761	75,911	394,672
Billings	574,588	452,271	18,160	80,723	
Acquisition balances	4,297	15,998	--	--	
Cash collections	(516,007)	--	--	--	
AML revenue amortization	--	(399,373)	399,373	--	
Other service revenue amortization	--	(12,983)	--	12,983	
Balance as of September 30, 1997	211,100	257,330	417,533	93,706	511,239
Billings	685,082	539,530	24,940	106,821	
Acquisition balances	2,365	7,646	--	--	
Cash collections	(647,602)	--	--	--	
AML revenue amortization	--	(487,837)	487,837	--	
Other service revenue amortization	--	(22,359)	--	22,359	
Sale of Gartner Learning	(7,577)	(3,199)	--	--	
Balance as of September 30, 1998	\$ 243,368	\$ 291,111	\$512,777	\$129,180	\$641,957

For a description of the Company's revenue recognition policies, see Note 1--Significant Accounting Policies. AML revenues shown above of \$512.8, \$417.5, and \$318.7 million for fiscal 1998, 1997 and 1996, respectively, are recognized as services and products are delivered, and the Company's obligation to the client is completed over the contract period. Included in AML revenue are catch-up adjustments also shown above for the fiscal years 1998, 1997, and 1996 of \$24.9,

F-19

GARTNER GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

\$18.2, and \$22.1 million, respectively, to account for certain renewals. Catch-up adjustments occur when there is a lag between the month that a contract expires and the month that it is renewed. The Company continues to provide services for a certain period of time after expiration, based on the Company's historical experience that most clients who do not renew prior to expiration do so on a retroactive basis. The Company recognizes no revenues, however, during this period. When a client renews the service on a retroactive basis, the Company records the previously unrecognized revenue as a catch-up adjustment.

17--QUARTERLY FINANCIAL DATA (UNAUDITED)
(In thousands except per share data)

Fiscal Year 1998	1st	2nd	3rd	4th
Revenues	\$ 162,667	\$ 149,565	\$ 160,992	\$ 168,733
Operating Income	\$ 41,145	\$ 31,083	\$ 35,462	\$ 35,847
Net Income	\$ 25,644	\$ 20,099	\$ 22,982	\$ 19,622
Diluted earnings per common share(1)	\$ 0.25	\$ 0.19	\$ 0.22	0.19

Fiscal Year 1997	1st	2nd	3rd	4th
Revenues	\$ 125,367	\$ 119,125	\$ 126,349	\$ 140,398
Operating Income	\$ 31,519	\$ 29,620	\$ 28,842	\$ 26,632
Net Income	\$ 19,042	\$ 18,200	\$ 18,455	\$ 17,433
Diluted earnings per common share(1)	\$ 0.19	\$ 0.18	\$ 0.18	\$ 0.17

(1) The aggregate of the four quarters' diluted earnings per common share does not total the reported full fiscal year amount due to rounding.

18--SUBSEQUENT EVENT

On November 12, 1998, the Company's Board of Directors approved an agreement in principle with IMS Health Inc. ("IMS Health") which owns 47.6 million or 47% of the Company's Class A Common Stock to undertake a recapitalization of the Company and facilitate a tax-free spin-off by IMS Health of its equity position in Gartner Group Inc. to its shareholders. As part of the recapitalization, IMS Health will exchange 40.7 million shares of Class A Common Stock for an equal number of shares of new Class B Common Stock of the Company prior to the spin-off. This new class of common stock will be entitled to elect at least 80% of the Company's Board of Directors, but will otherwise be substantially identical to existing Class A Common Stock. The Class B Common Stock will be distributed to IMS Health shareholders in a tax-free distribution. IMS Health will continue to hold 6.9 million shares of Class A Common Stock after the spin-off. It is the intention of IMS Health to sell these shares within one year of the spin-off, subject to certain conditions. In addition, the Company agreed that it would pay a one-time special cash dividend of \$300.0 million to its shareholders of record immediately prior to the IMS Health spin-off. Further, the Company also agreed that it would repurchase \$300.0 million of its Class A Common Stock on the open market after the spin-off. The exchange, spin-off and special cash dividend are expected to be completed in the third quarter of fiscal 1999, subject to approval by the IRS of the tax-free status of the spin-off and approval of the recapitalization plan by the non-IMS Health shareholders of the Company. The share repurchase program will commence after the spin-off and is expected to be completed within one year.

F-20

INDEPENDENT AUDITORS' REPORT ON SCHEDULE

The Board of Directors and Stockholders
Gartner Group, Inc.:

The audits referred to in our report dated October 30, 1998, except as to note 18, which is as of November 12, 1998, and the eighth paragraph of note 3 (Interpose acquisition), which is as of December 10, 1998, included the related financial statement schedule as of and for the three-year period ended September 30, 1998, as contained in the 1998 annual report on Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audit. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

KPMG Peat Marwick LLP

St. Petersburg, Florida
October 30, 1998

F-21

GARTNER GROUP, INC.
SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(ALL AMOUNTS IN THOUSANDS)

BALANCE AT	ADDITIONS CHARGED	ADDITIONS CHARGED	DEDUCTIONS	DEDUCTIONS
------------	----------------------	----------------------	------------	------------

	BEGINNING OF YEAR	TO COSTS AND EXPENSES	TO OTHER ACCOUNTS (1)	FROM RESERVE	FOR SALE OF GARTNERLEARNING	BALANCE AT END OF YEAR

YEAR ENDED SEPTEMBER 30, 1996						
Allowance for doubtful accounts and returns and allowances	\$3,690	\$3,295	\$121	\$2,646	\$ --	\$4,460
	=====	=====	=====	=====	=====	=====
YEAR ENDED SEPTEMBER 30, 1997						
Allowance for doubtful accounts and returns and allowances	\$4,460	\$3,421	\$319	\$2,860	\$ --	\$5,340
	=====	=====	=====	=====	=====	=====
YEAR ENDED SEPTEMBER 30, 1998						
Allowance for doubtful accounts and returns and allowances	\$5,340	\$4,051	\$ --	\$3,564	\$1,702	\$4,125
	=====	=====	=====	=====	=====	=====

(1) Allowances of \$319 and \$121 assumed upon acquisitions of entities in fiscal 1997 and 1996, respectively.

EXHIBIT 10.17

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of November 12, 1998, by and between Manuel A. Fernandez, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive is currently Chairman of the Board and Chief Executive Officer of the Company. Executive has served as Chief Executive Officer since April 1991 and as Chairman of the Board since April 1994, and also served as President of the Company from January 1991 to September 30, 1997. The parties have previously agreed that Executive shall cease to serve as Chief Executive Officer of the Company commencing December 31, 1998.

B. The Company and Executive have previously entered into an Employment Agreement dated as of February, 1998, as modified by the Addendum thereto dated August 24, 1998 (the "Prior Agreement"). The Company and Executive desire to amend the Prior Agreement as provided herein.

C. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth herein.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment. Executive will continue to serve as Chairman and Chief Executive Officer of the Company until December 31, 1998, and thereafter shall continue to serve the Company as Chairman of the Board through the remainder of the Employment Term specified in Section 3. Executive will report to the Board of Directors and will render such services consistent with the respective foregoing roles as the Board of Directors may from time to time direct.

2. Board of Directors. During the Employment Term, the Company shall include Executive on the Company's slate of nominees to be elected to the Board of Directors of the Company at each annual meeting of stockholders of the Company, shall use its best efforts to cause Executive to be elected to the Board of Directors at such meetings, and if elected shall use its best efforts to cause Executive to continue to serve on the Board of Directors until Executive's successor is duly elected and qualified. Upon termination of the Employment Term for any reason, Executive shall promptly resign as a director of the Company.

3. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 2000 (the "Employment Term"), unless extended or earlier terminated as provided in this Agreement. Following such initial term, the Agreement may be extended for additional annual terms

by the written consent of Executive and the Company not less than sixty (60) days prior to the end of the initial term or any renewal term.

4. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary initially equal to \$33,333.33 per month ("Base Salary") for fiscal 1999, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to annual adjustments by the Board of Directors of the Company or the Compensation Committee of the Board of Directors, in the sole discretion of the Board or such Committee.

5. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board of Directors or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1999 has previously been set at a minimum bonus of \$400,000, with a maximum bonus of \$800,000.

6. Executive Benefits.

(a) Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, as well as Executive's auto benefit program (with the full cost of operation not to exceed \$15,000 per year) so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

(b) Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of Gartner and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

7. Severance Benefits.

(a) At Will Employment. Executive's employment shall be "at will." Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon sixty (60) days' prior written notice of termination.

(b) Involuntary Termination. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date plus continued salary for a period of three (3) years following the Termination Date (one (1) year in the case of any such termination within one (1) year following a Change in Control to which Section 7(c) applies), payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) at the Termination Date, 100% of Executive's target

bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), (C) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, a pro rata share (based on the proportion of the fiscal year during which Executive remained an employee of the Company) of the bonus that would have been payable to Executive under the bonus plan in excess of 100% of Executive's target bonus for the fiscal year, (D) following the end of the first fiscal year following the fiscal year in which the Termination Date occurs, 100% of Executive's target bonus for such following fiscal year (or, if the target bonus for such year was not previously set, then 100% of Executive's target bonus for the fiscal year in which the Termination Date occurred), (E) acceleration in full of vesting of all outstanding stock options, TARPs and other equity arrangements subject to vesting and held by Executive (and in this regard, all options and other exercisable rights held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable plan or agreement), (F) continuation of group health benefits pursuant to the Company's standard programs as in effect from

time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election) for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full time student) and until such time as Executive reaches the age of 55, (G) continuation of Executive's auto benefits for one year following the Termination Date, (H) in the event of an involuntary termination without Business Reason or a Constructive Termination, which in either such case occurs within twelve (12) months following a Change in Control, forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (I) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, the Company shall not be required to continue to pay the salary or bonus specified in clauses (A), (B), (C) or (D) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 12 during the three (3) year period following the Termination Date.

(c) Change in Control. If during the term of this Agreement a "Change in Control" occurs, then Executive shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date plus an amount equal to three (3) years of Executive's salary as then in effect, payable immediately upon the Change in Control, (B) an amount equal to three times Executive's maximum target bonus for the fiscal year in which the Change in Control occurs (as well as any unpaid bonus from the prior fiscal year), all payable immediately upon the Change in Control, (C) acceleration in full of vesting of all outstanding stock options, TARP's and other equity arrangements subject to vesting and held by Executive (and in this regard, all options and other exercisable rights held by Executive shall remain exercisable for ninety (90) days following any termination of employment of Executive (or such longer period as may be provided in the applicable plan or agreement)), (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election) for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full time student) and until such time as Executive reaches the age of 55, (E) continuation of Executive's auto benefits for one year following the Termination Date, (F) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (G) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 12 during the three

(3) year period following the Termination Date, Executive shall be obligated to repay to the Company any amounts previously received pursuant to clauses (A) and (B) hereof, to the extent the same correspond to any period following the Termination Date during which the non-competition agreement is violated. Upon a Change in Control, Executive may elect, in his sole discretion, (i) not to receive all or any portion of any cash payment provided herein, or to defer all or any portion of any such payment to one or more payment tranches over a period of up to 3 years, (ii) not to have all or any portion of indebtedness forgiven or to defer such forgiveness or any portion thereof to one or more forgiveness tranches over a period of up to 3 years, and/or (iii) not to have all or any portion of vesting restrictions lapse, in each such case in order to avoid or limit any "parachute payment" under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended.

(d) Termination for Disability. If during the term of this Agreement Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date plus continued salary

for a period of three (3) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) at the Termination Date, 100% of Executive's target bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), (C) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, any bonus that would have been payable to Executive under the bonus plan in excess of Executive's target bonus, (D) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable option plan or agreement)), (E) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election), for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full time student) and until such time as Executive reaches the age of 55, (F) all other employee benefits specified in Section 6 until three years following the Termination Date, (G) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (H) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, the Company may deduct from the salary specified in clause (A) hereof the amount of any payments then received by Executive under any disability benefit program maintained by the Company.

(e) Voluntary Termination or Involuntary Termination for Business Reasons. If (i) Executive voluntarily terminates his employment, or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) salary and accrued vacation through the Termination Date only, (B) the right to exercise all stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health plan benefits for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date if Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

4

(f) Termination Upon Death. If Executive's employment is terminated because of death, then Executive's representatives shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date, (B) a pro rata share of Executive's target bonus for the year in which death occurs, based on the proportion of the fiscal year during which Executive remained an Employee of the Company (plus any unpaid bonus from the prior fiscal year), (C) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable option plan or agreement)), (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election), for Executive's spouse and any children for so long as they are under the age of 19 (25, if a full time student), (E) any benefits payable to Executive or his representatives upon death under insurance or other programs maintained by the Company for the benefit of the Executive, (F) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (G) no further benefits or other compensation.

(g) Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (b), (c), (d), (e) or (f) of this Section 7, whichever shall be applicable.

8. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" means (i) gross negligence, willful misconduct or other willful malfeasance by Executive in the performance of his duties, (ii) Executive's commission of a felony or other offense involving moral turpitude, (iii) Executive's material breach of this Agreement, including without limitation any repeated breach of Sections 9 through 12 hereof.

(b) Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of his incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least sixty (60) days written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 8(b); (iii) if this Agreement is terminated by the Company, the date on which a notice of termination is given to Executive; (iv) if the Agreement is terminated by Executive, the date

5

on which Executive delivers the notice of termination to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) (1) Executive's position changes as a result of an action by the Company such that (i) prior to December 31, 1998 Executive shall no longer be President and Chief Executive Officer of the Company, (ii) after January, 1999 and prior to the end of the Employment Term Executive shall no longer be Chairman of the Board of the Company, or (iii) Executive shall no longer report directly to the Company's Board of Directors, (2) Executive is required to relocate his place of employment, other than a relocation within fifty (50) miles of Executive's current Connecticut home or a relocation to the San Francisco Bay Area or South Florida, or (3) there is a reduction of more than 20% of Executive's base salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) IMS Health, Inc., a Delaware corporation, or any wholly-owned subsidiary of IMS Health, Inc. (collectively, "IMS"), until IMS shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or IMS, or (D) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities; provided that, in the case of any Person which (i) has filed and has in effect a report of beneficial ownership on Schedule 13-G in which such Person is reported as a "passive" investor for the purpose of such Schedule 13-G, for so long as such person continues to be a passive investor thereunder in the Company, (ii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of the Company immediately prior to the Proposed Recapitalization (defined below) and immediately prior to the Proposal Spinoff (defined below), (iii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of IMS Health, Inc. immediately prior to the Proposed Recapitalization and immediately prior to the Proposed Spinoff, and (iv) acquires more than 15% but less than [20%] of the combined voting power of the Company's then-outstanding securities solely by virtue of the Proposed Recapitalization and Proposed Spinoff, then a Change in Control shall not be deemed to occur so long as (i) such Person remains a passive investor in the Company under Schedule 13-G and (ii) such Person beneficially owns shares in the Company representing no more than the combined voting power of the outstanding securities of the Company beneficially owned by such Person immediately following the Proposed Spinoff plus [five percent (5%)];

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the

6

Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Section (8)(e)(i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from IMS to an affiliated company, subsidiary or spin-off entity of IMS, or the reduction in ownership of capital stock of the Company by IMS by means of a spin-off of such shares to IMS stockholders or sales of shares into the public market, shall not alone be deemed to meet the requirements of clause (8)(e)(i) hereof.

For the purposes hereof, the "Proposed Recapitalization" refers to the proposed recapitalization by the Company of its outstanding equity securities in which a new class of Class B Common Stock having special voting rights will be created and issued to IMS in exchange for the shares of Class A Common Stock of the Company held by IMS, and the "Proposed Spinoff" refers to the proposed spinoff by IMS to its shareholders on a tax-free basis of a significant portion of the shares of Company Common Stock owned by IMS.

7

9. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such

information have been published in combination.

10. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications,

8

powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

11. No Conflicts.

(a) Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

(b) As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

12. Non-Competition Agreement.

(a) Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or

through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-

9

solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 12 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

13. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to

the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

10

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 13(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof, including with all limitation the respective Executive Stock and Employment Agreements effective as of January 21, 1991, July 28, 1994, April 1, 1997 and February __, 1998 (and related Addendum dated August 24, 1998).

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Indemnification. In the event Executive is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, by reason of the fact that Executive is or was a director or officer of the Company or serves or served any other corporation fifty percent (50%) or more owned or controlled by the Company in any capacity at Company's request, Executive shall be indemnified by the Company, and the Company shall pay Executive's related expenses when and as incurred, all to the full extent permitted by law, pursuant to Executive's existing indemnification agreement with the Company in the form made available to all Executive and all other officers and directors.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
John F. Halligan, Chief Financial Officer

EXECUTIVE

MANUEL A. FERNANDEZ

EXHIBIT 10.18

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of November 12, 1998, by and between William T. Clifford, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as President and Chief Operating Officer of the Company, and from and after January 1, 1999 shall serve as President and Chief Executive Officer of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

I. Employment. The Company shall employ Executive in the position of President and Chief Operating Officer of the Company through December 31, 1998 and as President and Chief Executive Officer of the Company from and after January 1, 1999, as such positions have been defined in terms of responsibilities as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

From and after January 1, 1999 and during the Employment Term, the Company shall include Executive on the Company's slate of nominees to be elected to the Board of Directors of the Company at each annual meeting of stockholders of the Company, shall use its best efforts to cause Executive to be elected to the Board of Directors at such meetings, and if elected shall use its best efforts to cause Executive to continue to serve on the Board of Directors until Executive's successor is duly elected and qualified. Upon termination of the Employment Term for any reason, Executive shall promptly resign as a director of the Company.

I. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 2000, provided that such term (the "Employment Term") shall

automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

I. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$375,000 per year for fiscal 1999, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

I. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1999 has previously been set at \$325,000, with a maximum bonus of \$800,000.

I. Executive Benefits.

A. Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

A. Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

I. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

I. Severance Benefits.

A. Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below), then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date, (B) an amount equal to three (3) years of Executive's Base Salary then in effect, payable immediately upon the Change in Control, (C) an amount equal to three (3) times Executive's target bonus for the fiscal year in which the Change in Control occurs (as well as any unpaid bonus from the prior fiscal year), all payable immediately upon the Change in Control, (D) acceleration in full of vesting of all outstanding stock options, TARPs and other equity arrangements subject to vesting and held by Executive (and in this regard all options and other exercisable rights held by Executive shall remain exercisable for ninety (90) days following any termination of Executive's employment (or such longer period as may be provided in the applicable stock option plan or agreement)), (E) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (F) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (G) in the event of termination of Executive's employment within 12 months following the Change in Control, outplacement support at the Company's expense up to \$15,000 and (H) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, Executive shall be obligated to repay to the Company any amounts previously received pursuant to

clauses (B) and (C) hereof, to the extent the same correspond to any period following the Termination Date during which Executive violates the noncompetition agreement set forth in Section 13. Upon a Change in Control, Executive may elect, in his sole discretion, (i) not to receive all or any portion of any cash payment provided herein, or to defer all or any portion of any such payment to one or more payment tranches over a period of up to 3 years, (ii) not to have all or any portion of indebtedness forgiven or to defer such forgiveness or any portion thereof to one or more forgiveness tranches over a period of up to 3 years, and/or (iii) not to have all or any portion of vesting restrictions lapse, in each such case in order to avoid or limit any "parachute payment" under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended.

A. Involuntary Termination. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive

makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

A. Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

A. Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated

involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

A. Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than

those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

I. Limitation on Payments.

A. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

A. If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

A. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company

and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

I. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

A. Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a felony or other offense which involves moral turpitude or is otherwise injurious to the Company, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company, (iv) material breach of this Agreement by Executive, including (A) any material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

A. Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

A. Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

A. Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location or to Fort Myers, Florida, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

A. Change in Control. A "Change in Control" shall be deemed to have occurred if:

1. any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) IMS Health, Inc., a Delaware corporation, or any wholly-owned subsidiary of IMS Health, Inc. (collectively, "IMS"), until IMS shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of

the Company representing at least 15% of the combined voting power of the

Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or IMS, or (D) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the Beneficial Owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities; provided that, in the case of any Person which (i) has filed and has in effect a report of beneficial ownership on Schedule 13-G in which such Person is reported as a "passive" investor for the purpose of such Schedule 13-G, for so long as such person continues to be a passive investor thereunder in the Company, (ii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of the Company immediately prior to the Proposed Recapitalization (defined below) and immediately prior to the Proposal Spinoff (defined below), (iii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of IMS Health, Inc. immediately prior to the Proposed Recapitalization and immediately prior to the Proposed Spinoff, and (iv) acquires more than 15% but less than [20%] of the combined voting power of the Company's then-outstanding securities solely by virtue of the Proposed Recapitalization and Proposed Spinoff, then a Change in Control shall not be deemed to occur so long as (i) such Person remains a passive investor in the Company under Schedule 13-G and (ii) such Person beneficially owns shares in the Company representing no more than the combined voting power of the outstanding securities of the Company beneficially owned by such Person immediately following the Proposed Spinoff plus [five percent (5%)];

1. during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections (2)(a)(i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

1. the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

1. the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

1. the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from IMS to an affiliated company, subsidiary or spin-off entity of IMS, or the reduction in ownership of capital stock of the Company by IMS by means of a spin-off of such shares to IMS stockholders or sales of shares into the public market, shall not alone be

deemed to meet the requirements of clause (8)(e)(i) hereof.

For the purposes hereof, the "Proposed Recapitalization" refers to the proposed recapitalization by the Company of its outstanding equity securities in which a new class of Class B Common Stock having special voting rights will be created and issued to IMS in exchange for the shares of Class A Common Stock of the Company held by IMS, and the "Proposed Spinoff" refers to the proposed spinoff by IMS to its shareholders on a tax-free basis of a significant portion of the shares of Company Common Stock owned by IMS.

I. Confidential Information.

A. Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

A. "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all

copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

I. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and

Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

I. No Conflicts.

A. Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

A. As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

I. Non-Competition Agreement.

A. Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

A. In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

A. Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or

within such lesser scope as may be determined by the court to be enforceable.

A. Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

I. Miscellaneous Provisions.

A. Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

A. Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

A. Successors.

1. Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

1. Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

1. No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

A. Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this

Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

A. Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

A. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

A. Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

A. Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

A. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
President and Chief Executive Officer

EXECUTIVE

William T. Clifford

EXHIBIT 10.19

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of November 12, 1998, by and between E. Follett Carter, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as the Executive Vice President and President, Gartner Distribution Services of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

I. Employment. The Company shall employ Executive in the position of Executive Vice President and President, Gartner Distribution Services, as such position has been defined in terms of responsibilities and compensation as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

I. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 1999, provided that such term (the "Employment Term") shall automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

I. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$255,000 per year for fiscal 1999, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term.

The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

I. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1999 has previously been set at \$220,000, with a maximum bonus of \$550,000.

I. Executive Benefits.

A. Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

A. Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

I. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

I. Severance Benefits.

A. Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below), then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date, (B) an amount equal to two (2) years of Executive's Base Salary then in effect, payable immediately upon the Change in Control, (C) an amount equal to two (2) times Executive's target bonus for the fiscal year in which the Change in Control occurs (as well as any unpaid bonus from the prior fiscal year), all payable immediately upon the Change in Control, (D) acceleration in full of vesting of all outstanding stock options, TARPs and other equity arrangements subject to vesting and held by Executive (and in this regard all options and other exercisable rights held by Executive shall remain exercisable for ninety (90) days following any termination of

Executive's employment (or such longer period as may be provided in the applicable stock option plan or agreement)), (E) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (F) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (G) in the event of termination of Executive's employment within 12 months following the Change in Control, outplacement support at the Company's expense up to \$15,000 and (H) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, Executive shall be obligated to repay to the Company any amounts previously received pursuant to clauses (B) and (C) hereof, to the extent the same correspond to any period following the Termination Date during which Executive violates the noncompetition agreement set forth in Section 13. Upon a Change in Control, Executive may elect, in his sole discretion, (i) not to receive all or any portion of any cash payment provided herein, or to defer all or any portion of any such payment to one or more payment tranches over a period of up to 3 years, (ii) not to have all or any portion of indebtedness forgiven or to defer such forgiveness or any portion thereof to one or more forgiveness tranches over a period of up to 3 years, and/or (iii) not to have all or any portion of vesting restrictions lapse, in each such case in order to avoid or limit any "parachute

payment" under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended.

A. Involuntary Termination. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

A. Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

A. Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the

Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

A. Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

I. Limitation on Payments.

A. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

A. If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

A. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

I. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

A. Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a

felony or other offense which involves moral turpitude or is otherwise injurious to the Company, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company, (iv) material breach of this Agreement by Executive, including (A) any material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

A. Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

A. Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

A. Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location or to Fort Myers, Florida, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

A. Change in Control. A "Change in Control" shall be deemed to have occurred if: 1. any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) IMS Health, Inc., a Delaware corporation, or any wholly-owned subsidiary of IMS Health, Inc. (collectively, "IMS"), until IMS shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or IMS, or (D) any company owned, directly or indirectly, by the

stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the Beneficial Owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities; provided that, in the case of any Person which (i) has filed and has in effect a report of beneficial ownership on Schedule 13-G in which such Person is reported as a "passive" investor for the purpose of such Schedule 13-G, for so long as such person continues to be a passive investor

thereunder in the Company, (ii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of the Company immediately prior to the Proposed Recapitalization (defined below) and immediately prior to the Proposal Spinoff (defined below), (iii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of IMS Health, Inc. immediately prior to the Proposed Recapitalization and immediately prior to the Proposed Spinoff, and (iv) acquires more than 15% but less than [20%] of the combined voting power of the Company's then-outstanding securities solely by virtue of the Proposed Recapitalization and Proposed Spinoff, then a Change in Control shall not be deemed to occur so long as (i) such Person remains a passive investor in the Company under Schedule 13-G and (ii) such Person beneficially owns shares in the Company representing no more than the combined voting power of the outstanding securities of the Company beneficially owned by such Person immediately following the Proposed Spinoff plus [five percent (5%)];

1. during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections (2)(a)(i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

1. the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

1. the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

1. the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from IMS to an affiliated company, subsidiary or spin-off entity of IMS, or the reduction in ownership of capital stock of the Company by IMS by means of a spin-off of such shares to IMS stockholders or sales of shares into the public market, shall not alone be deemed to meet the requirements of clause (8)(e)(i) hereof.

For the purposes hereof, the "Proposed Recapitalization" refers to the proposed recapitalization by the Company of its outstanding equity securities in which a new class of Class B Common Stock having special voting rights will be created and issued to IMS in exchange for the shares of Class A Common Stock of the Company held by IMS, and the "Proposed Spinoff" refers to the proposed spinoff by IMS to its shareholders on a tax-free basis of a significant portion of the shares of Company Common Stock owned by IMS.

I. Confidential Information.

A. Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

A. "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the

Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

I. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

I. No Conflicts.

A. Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

A. As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

I. Non-Competition Agreement.

A. Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

A. In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

A. Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

A. Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent

any violations of, the provisions hereof.

I. Miscellaneous Provisions.

A. Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

A. Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

A. Successors.

1. Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

1. Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

1. No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

A. Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this

Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

A. Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

A. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of

any other provision hereof, which shall remain in full force and effect.

A. Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

A. Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

A. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
President and Chief Executive Officer

EXECUTIVE

E. FOLLETT CARTER
EVP & President, Gartner Distribution

EXHIBIT 10.20

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of November 12, 1998, by and between John F. Halligan, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as the Executive Vice President and Chief Financial Officer of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

I. Employment. The Company shall employ Executive in the position of Executive Vice President and Chief Financial Officer, as such position has been defined in terms of responsibilities and compensation as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

I. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 1999, provided that such term (the "Employment Term") shall automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

I. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$250,000 per year for fiscal 1999, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term.

The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

I. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1999 has previously been set at \$180,000, with a maximum bonus of \$450,000.

I. Executive Benefits.

A. Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

A. Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

I. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

I. Severance Benefits.

A. Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below), then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date, (B) an amount equal to two (2) years of Executive's Base Salary then in effect, payable immediately upon the Change in Control, (C) an amount equal to two (2) times Executive's target bonus for the fiscal year in which the Change in Control occurs (as well as any unpaid bonus from the prior fiscal year), all payable immediately upon the Change in Control, (D) acceleration in full of vesting of all outstanding stock options, TARPs and other equity arrangements subject to vesting and held by Executive (and in this regard all options and other exercisable rights held by Executive shall remain exercisable for ninety (90) days following any termination of

Executive's employment (or such longer period as may be provided in the applicable stock option plan or agreement)), (E) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (F) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (G) in the event of termination of Executive's employment within 12 months following the Change in Control, outplacement support at the Company's expense up to \$15,000 and (H) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, Executive shall be obligated to repay to the Company any amounts previously received pursuant to clauses (B) and (C) hereof, to the extent the same correspond to any period following the Termination Date during which Executive violates the noncompetition agreement set forth in Section 13. Upon a Change in Control, Executive may elect, in his sole discretion, (i) not to receive all or any portion of any cash payment provided herein, or to defer all or any portion of any such payment to one or more payment tranches over a period of up to 3 years, (ii) not to have all or any portion of indebtedness forgiven or to defer such forgiveness or any portion thereof to one or more forgiveness tranches over a period of up to 3 years, and/or (iii) not to have all or any portion of vesting restrictions lapse, in each such case in order to avoid or limit any "parachute

payment" under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended.

A. Involuntary Termination. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

A. Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

A. Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the

Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

A. Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

I. Limitation on Payments.

A. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

A. If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

A. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

I. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

A. Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a

felony or other offense which involves moral turpitude or is otherwise injurious to the Company, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company, (iv) material breach of this Agreement by Executive, including (A) any material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

A. Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

A. Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

A. Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location or to Fort Myers, Florida, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

A. Change in Control. A "Change in Control" shall be deemed to have occurred if:

1. any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) IMS Health, Inc., a Delaware corporation, or any wholly-owned subsidiary of IMS Health, Inc. (collectively, "IMS"), until IMS shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or IMS, or (D) any company owned, directly or indirectly, by the

stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the Beneficial Owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities; provided that, in the case of any Person which (i) has filed and has in effect a report of beneficial ownership on Schedule 13-G in which such Person is reported as a "passive" investor for the purpose of such

Schedule 13-G, for so long as such person continues to be a passive investor thereunder in the Company, (ii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of the Company immediately prior to the Proposed Recapitalization (defined below) and immediately prior to the Proposed Spinoff (defined below), (iii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of IMS Health, Inc. immediately prior to the Proposed Recapitalization and immediately prior to the Proposed Spinoff, and (iv) acquires more than 15% but less than [20%] of the combined voting power of the Company's then-outstanding securities solely by virtue of the Proposed Recapitalization and Proposed Spinoff, then a Change in Control shall not be deemed to occur so long as (i) such Person remains a passive investor in the Company under Schedule 13-G and (ii) such Person beneficially owns shares in the Company representing no more than the combined voting power of the outstanding securities of the Company beneficially owned by such Person immediately following the Proposed Spinoff plus [five percent (5%)];

1. during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections (2) (a) (i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

1. the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

1. the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

1. the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from IMS to an affiliated company, subsidiary or spin-off entity of IMS, or the reduction in ownership of capital stock of the Company by IMS by means of a spin-off of such shares to IMS stockholders or sales of shares into the public market, shall not alone be deemed to meet the requirements of clause (8) (e) (i) hereof.

For the purposes hereof, the "Proposed Recapitalization" refers to the proposed recapitalization by the Company of its outstanding equity securities in which a new class of Class B Common Stock having special voting rights will be created and issued to IMS in exchange for the shares of Class A Common Stock of the Company held by IMS, and the "Proposed Spinoff" refers to the proposed spinoff by IMS to its shareholders on a tax-free basis of a significant portion of the shares of Company Common Stock owned by IMS.

I. Confidential Information.

A. Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

A. "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the

Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

I. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

I. No Conflicts.

A. Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

A. As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

I. Non-Competition Agreement.

A. Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

A. In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

A. Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

A. Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in

their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

I. Miscellaneous Provisions.

A. Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

A. Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

A. Successors.

1. Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

1. Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

1. No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

A. Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this

Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

A. Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

A. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

A. Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

A. Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

A. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
President and Chief Executive Officer

EXECUTIVE

JOHN F. HALLIGAN

EXHIBIT 10.21

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of November 12, 1998, by and between Michael D. Fleisher, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as the Executive Vice President and President, Emerging Business of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

I. Employment. The Company shall employ Executive in the position of Executive Vice President and President, Emerging Business, as such position has been defined in terms of responsibilities and compensation as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

I. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 1999, provided that such term (the "Employment Term") shall automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

I. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$250,000 per year for fiscal 1999, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term.

The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

I. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1999 has previously been set at \$180,000, with a maximum bonus of \$450,000.

I. Executive Benefits.

A. Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

A. Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

I. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

I. Severance Benefits.

A. Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below), then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date, (B) an amount equal to two (2) years of Executive's Base Salary then in effect, payable immediately upon the Change in Control, (C) an amount equal to two (2) times Executive's target bonus for the fiscal year in which the Change in Control occurs (as well as any unpaid bonus from the prior fiscal year), all payable immediately upon the Change in Control, (D) acceleration in full of vesting of all outstanding stock options, TARPs and other equity arrangements subject to vesting and held by Executive (and in this regard all options and other exercisable rights held by Executive shall remain exercisable for ninety (90) days following any termination of

Executive's employment (or such longer period as may be provided in the applicable stock option plan or agreement)), (E) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (F) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (G) in the event of termination of Executive's employment within 12 months following the Change in Control, outplacement support at the Company's expense up to \$15,000 and (H) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, Executive shall be obligated to repay to the Company any amounts previously received pursuant to clauses (B) and (C) hereof, to the extent the same correspond to any period following the Termination Date during which Executive violates the noncompetition agreement set forth in Section 13. Upon a Change in Control, Executive may elect, in his sole discretion, (i) not to receive all or any portion of any cash payment provided herein, or to defer all or any portion of any such payment to one or more payment tranches over a period of up to 3 years, (ii) not to have all or any portion of indebtedness forgiven or to defer such forgiveness or any portion thereof to one or more forgiveness tranches over a period of up to 3 years, and/or (iii) not to have all or any portion of vesting restrictions lapse, in each such case in order to avoid or limit any "parachute

payment" under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended.

A. Involuntary Termination. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

A. Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

A. Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the

Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

A. Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

I. Limitation on Payments.

A. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

A. If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

A. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

I. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

A. Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a

felony or other offense which involves moral turpitude or is otherwise injurious to the Company, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company, (iv) material breach of this Agreement by Executive, including (A) any material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

A. Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

A. Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

A. Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location or to Fort Myers, Florida, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

A. Change in Control. A "Change in Control" shall be deemed to have occurred if: 1. any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) IMS Health, Inc., a Delaware corporation, or any wholly-owned subsidiary of IMS Health, Inc. (collectively, "IMS"), until IMS shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or IMS, or (D) any company owned, directly or indirectly, by the

stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the Beneficial Owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities; provided that, in the case of any Person which (i) has filed and has in effect a report of beneficial ownership on Schedule 13-G in which such Person is reported as a "passive" investor for the purpose of such Schedule 13-G, for so long as such person continues to be a passive investor

thereunder in the Company, (ii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of the Company immediately prior to the Proposed Recapitalization (defined below) and immediately prior to the Proposal Spinoff (defined below), (iii) is the Beneficial Owner of less than 15% of the combined voting power of the outstanding securities of IMS Health, Inc. immediately prior to the Proposed Recapitalization and immediately prior to the Proposed Spinoff, and (iv) acquires more than 15% but less than [20%] of the combined voting power of the Company's then-outstanding securities solely by virtue of the Proposed Recapitalization and Proposed Spinoff, then a Change in Control shall not be deemed to occur so long as (i) such Person remains a passive investor in the Company under Schedule 13-G and (ii) such Person beneficially owns shares in the Company representing no more than the combined voting power of the outstanding securities of the Company beneficially owned by such Person immediately following the Proposed Spinoff plus [five percent (5%)];

1. during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections (2)(a)(i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

1. the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

1. the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

1. the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from IMS to an affiliated company, subsidiary or spin-off entity of IMS, or the reduction in ownership of capital stock of the Company by IMS by means of a spin-off of such shares to IMS stockholders or sales of shares into the public market, shall not alone be deemed to meet the requirements of clause (8)(e)(i) hereof.

For the purposes hereof, the "Proposed Recapitalization" refers to the proposed recapitalization by the Company of its outstanding equity securities in which a new class of Class B Common Stock having special voting rights will be created and issued to IMS in exchange for the shares of Class A Common Stock of the Company held by IMS, and the "Proposed Spinoff" refers to the proposed spinoff by IMS to its shareholders on a tax-free basis of a significant portion of the shares of Company Common Stock owned by IMS.

I. Confidential Information.

A. Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

A. "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the

Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

I. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

I. No Conflicts.

A. Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

A. As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

I. Non-Competition Agreement.

A. Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

A. In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

A. Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

A. Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific

performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

I. Miscellaneous Provisions.

A. Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

A. Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

A. Successors.

1. Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

1. Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

1. No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

A. Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this

Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

A. Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

A. Severability. The invalidity or unenforceability of any provision or

provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

A. Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

A. Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

A. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
President and Chief Executive Officer

EXECUTIVE

MICHAEL D. FLEISHER

EXHIBIT 10.22

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of February, 1998, by and between Manuel A. Fernandez, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive served as President of the Company from January 21, 1991 through September 1997, and has served as Chief Executive Officer of the Company since April 1, 1991 and as Chairman of the Board of Directors since April 1994.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment. Executive will continue to serve as Chairman and Chief Executive Officer of the Company for the Employment Term specified in Section 3. Executive will report to the Board of Directors and will render such services consistent with the role of Chief Executive Officer of the Company as the Board of Directors may from time to time direct.

2. Board of Directors. During the Employment Term, the Company shall include Executive on the Company's slate of nominees to be elected to the Board of Directors of the Company at each annual meeting of stockholders of the Company, shall use its best efforts to cause Executive to be elected to the Board of Directors at such meetings, and if elected shall use its best efforts to cause Executive to continue to serve on the Board of Directors until Executive's successor is duly elected and qualified. Upon termination of the Employment Term for any reason, Executive shall promptly resign as a director of the Company.

3. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 2000 (the "Employment Term"), unless extended or earlier terminated as provided in this Agreement. Following such initial term, the Agreement may be extended for additional annual terms by the written consent of Executive and the Company not less than sixty (60) days prior to the end of the initial term or any renewal term.

4. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary initially equal to \$33,333.33 per month ("Base Salary") for fiscal 1998, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to annual adjustments by the Board of Directors of the Company or the

-1-

Compensation Committee of the Board of Directors, in the sole discretion of the Board or such Committee.

5. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board of Directors or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1998 has previously been set at a minimum bonus of \$400,000, with a maximum bonus of \$800,000.

6. Executive Benefits.

(a) Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, as well as Executive's auto benefit program (with the full cost of operation not to exceed \$15,000 per year) so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

(b) Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of Gartner and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

7. Severance Benefits.

(a) At Will Employment. Executive's employment shall be "at will." Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon sixty (60) days' prior written notice of termination.

(b) Involuntary Termination. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs, whether or not in connection with a Change of Control, then Executive shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date plus continued salary for a period of three (3) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) at the Termination Date, 100% of Executive's target bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), (C) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, a pro rata share (based on the proportion of the fiscal year during which Executive remained an employee of the Company) of the bonus that would have been payable to Executive under the bonus plan in excess of 100% of Executive's target bonus for the fiscal year, (D) following the end of the first fiscal year following the fiscal year in which the Termination Date occurs, 100%

-2-

of Executive's target bonus for such following fiscal year (or, if the target bonus for such year was not previously set, then 100% of Executive's target bonus for the fiscal year in which the Termination Date occurred), (E) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable option plan or agreement), (F) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election), for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full time student) and until such time as Executive reaches the age of 55, (G) continuation of Executive's auto benefits for one year following the Termination Date, (H) in the event of an involuntary termination without Business Reason or a Constructive Termination, which in either such case occurs within twelve (12) months following a Change in Control, forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (I) no other compensation, severance or other benefits. Notwithstanding the

foregoing, however, the Company shall not be required to continue to pay the salary or bonus specified in clauses (A), (B), (C) or (D) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 12 during the three (3) year period following the Termination Date.

(c) Voluntary Termination Following Change in Control. If during the term of this Agreement a "Change in Control" occurs and Executive voluntarily resigns within the first six (6) months following such Change in Control, then Executive shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date plus continued salary for a period of three (3) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) at the Termination Date, 100% of Executive's target bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), (C) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, a pro rata share (based on the proportion of the fiscal year during which Executive remained an employee of the Company) of the bonus that would have been payable to Executive under the bonus plan in excess of 100% of Executive's target bonus for the fiscal year, (D) following the end of the first fiscal year following the fiscal year in which the Termination Date occurs, 100% of Executive's target bonus for such following fiscal year (or, if the target bonus for such year was not previously set, then 100% of Executive's target bonus for the fiscal year in which the Termination Date occurred), (E) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable option plan or agreement)), (F) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election), for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full time student) and until such time as Executive reaches the age of 55, (G) continuation of Executive's auto benefits for one year following the Termination Date, (H) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (I) no other compensation, severance or other benefits. Notwithstanding

-3-

the foregoing, however, if Executive violates the non-competition agreement set forth in Section 12 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clauses (A), (B), (C) or (D) hereof for any period following the Termination Date, and Executive shall be obligated to repay to the Company any amounts previously received pursuant to clauses (A) and (B) hereof, to the extent the same relate to any period following the Termination Date, and to repay the Company any amounts previously received pursuant to clauses (C) and (D) hereof. Upon a Change in Control, or any voluntary resignation by Executive within the first six (6) months following such Change in Control, as provided in this paragraph (c), Executive may elect, in his sole discretion, (i) not to receive all or any portion of any cash payment, (ii) not to have all or any portion of indebtedness forgiven and/or (iii) not to have all or any portion of vesting restrictions lapse, in each such case in order to avoid any "parachute payment" under Section 280G(b) (2) of the Internal Revenue Code of 1986, as amended.

(d) Termination for Disability. If during the term of this Agreement Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date plus continued salary for a period of three (3) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) at

the Termination Date, 100% of Executive's target bonus for the fiscal year in which the Termination Date occurs (plus any unpaid bonus from the prior fiscal year), (C) following the end of the fiscal year in which the Termination Date occurs and management bonuses have been determined, any bonus that would have been payable to Executive under the bonus plan in excess of Executive's target bonus, (D) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable option plan or agreement)), (E) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election), for Executive, his spouse and any children for so long as they are under the age of 19 (25, if a full time student) and until such time as Executive reaches the age of 55, (F) all other employee benefits specified in Section 6 until three years following the Termination Date, (G) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (H) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, the Company may deduct from the salary specified in clause (A) hereof the amount of any payments then received by Executive under any disability benefit program maintained by the Company.

(e) Voluntary Termination or Involuntary Termination for Business Reasons. If (i) Executive voluntarily terminates his employment, or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) salary and accrued vacation through the Termination Date only, (B) the right to exercise all stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health plan benefits for a period of 18 months (or such longer

-4-

period as may be applicable under the Company's policies then in effect) following the Termination Date if Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

(f) Termination Upon Death. If Executive's employment is terminated because of death, then Executive's representatives shall be entitled to receive the following: (A) salary and vacation accrued through the Termination Date, (B) a pro rata share of Executive's target bonus for the year in which death occurs, based on the proportion of the fiscal year during which Executive remained an Employee of the Company (plus any unpaid bonus from the prior fiscal year), (C) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard, all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable option plan or agreement)), (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation by the Company of substantially similar group health benefits as in effect at the Termination Date, through a third party carrier, at the Company's election), for Executive's spouse and any children for so long as they are under the age of 19 (25, if a full time student), (E) any benefits payable to Executive or his representatives upon death under insurance or other programs maintained by the Company for the benefit of the Executive, (F) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, and (G) no further benefits or other compensation.

(g) Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive

or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (b), (c), (d), (e) or (f) of this Section 7, whichever shall be applicable.

8. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" means (i) gross negligence, willful misconduct or other willful malfeasance by Executive in the performance of his duties, (ii) Executive's commission of a felony or other offense involving moral turpitude, (iii) Executive's material breach of this Agreement, including without limitation any repeated breach of Sections 9 through 12 hereof.

(b) Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of his incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least sixty (60) days written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes

-5-

the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 8(b); (iii) if this Agreement is terminated by the Company, the date on which a notice of termination is given to Executive; (iv) if the Agreement is terminated by Executive, the date on which Executive delivers the notice of termination to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) (1) Executive's position changes as a result of an action by the Company such that Executive is no longer President and Chief Executive Officer of the Company or no longer reports directly to the Company's Board of Directors, (2) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current Connecticut home or a relocation to the San Francisco Bay Area or South Florida, or (3) there is a reduction of more than 20% of Executive's base salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) Cognizant Corporation, a Delaware corporation, or any wholly-owned subsidiary of Cognizant Corporation (collectively, "Cognizant"), until Cognizant shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any

trustee or other fiduciary holding securities under an employee benefit plan of the Company or Cognizant, or (D) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities;

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Section (8)(e)(i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the

-6-

Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from Cognizant Corporation to an affiliated company, subsidiary or spin-off entity of Cognizant Corporation, or the reduction in ownership of capital stock of the Company by Cognizant Corporation or any affiliated subsidiary or spin-off of Cognizant Corporation by means of sales of shares to the public, shall not alone be deemed to meet the requirements of clause (8)(e)(i) hereof.

9. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all

memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

-7-

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

10. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

11. No Conflicts.

(a) Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

(b) As long as Executive is employed by the Company or any of its

subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors

-8-

of the Company, become engaged in, render services for, or permit his name to be used in connection with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

12. Non-Competition Agreement.

(a) Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 12 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of

-9-

competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

13. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 13(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either

party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof, including with all limitation the respective Executive Stock and Employment Agreements effective as of January 21, 1991, July 28, 1994 and April

1, 1997.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Indemnification. In the event Executive is made, or threatened to be made, a party to any legal action or proceeding, whether civil or criminal, by reason of the fact that Executive is or was a director or officer of the Company or serves or served any other corporation fifty percent (50%) or more owned or controlled by the Company in any capacity at Company's request, Executive shall be indemnified by the Company, and the Company shall pay Executive's related expenses when and as incurred, all to the full extent permitted by law, pursuant to Executive's existing indemnification agreement with the Company in the form made available to all Executive and all other officers and directors.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

(Signatures on the following page)

-11-

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By:-----
William Grabe

EXECUTIVE

Manuel A. Fernandez

-12-

ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum to Employment Agreement (this "Addendum") is entered into as of August 24, 1998 by and between Manuel A. Fernandez, an individual ("Executive") and Gartner Group, Inc., a Delaware Corporation (the "Company").

Recitals

A. Executive is currently Chairman of the Board and Chief Executive Officer of the Company. Executive has served as Chief Executive Officer since April 1991 and as Chairman of the Board since April 1994, and also served as President of the Company from January 1991 to September 30, 1997.

B. The Company and Executives desired to provide for continued employment of Executive hereafter as Chairman of the Board of the Company.

C. The Company and Executive have previously entered into an Employment Agreement dated as of February, 1998 (the "Agreement"). The Company and Executive desire to amend the Agreement as provided in this Addendum, to provide for the change in Executive's position with the Company to Chairman of the Board.

Addendum

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

A. Change in Position. Section 1 of the Agreement is hereby amended to read in full as follows:

"1. Employment. From and after January 1, 1999, Executive will continue to serve the Company as Chairman of its Board of Directors, for the remainder of the Employment Term specified in Section 3. Executive will report to the Board of Directors and will render such services consistent with the role of Chairman of the Board of Directors as the Board of Directors may from time to time direct."

B. Related Modification Required. Section 8(d)(A)(i) of the Agreement, defining one element of a "Constructive Termination" under the Agreement, shall be amended to read in full as follows: "Executive's position changes as a result of an action of the Company's such that Executive is no longer Chairman of the Board of the Company reporting to the Company's Board of Directors."

C. Continued Force and Effect. Except as expressly provided hereby, the Agreement shall continue in full force and effect.

This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS THEREOF, each of the parties has executed this Addendum, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

EXECUTIVE

GARTNER GROUP, INC.

Manuel A. Fernandez

By: _____
John F. Halligan,
Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of February 26, 1998, by and between William T. Clifford, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as the President & Chief Operating Officer of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment. The Company shall employ Executive in the position of President & Chief Operating Officer, as such position has been defined in terms of responsibilities and compensation as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

2. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 2000, provided that such term (the "Employment Term") shall automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

3. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$25,000.00 per month for fiscal 1998, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

4. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1998 has previously been set at \$250,000, with a maximum bonus of \$500,000.

5. Executive Benefits.

(a) Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and

long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

(b) Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

6. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

7. Severance Benefits.

(a) Involuntary Termination following Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below) and within twelve (12) months thereafter (i) the Company or its successor terminates the employment of Executive involuntarily and without Business Reasons or (ii) a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of two (2) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or

agreement)), (D) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (E) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (F) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, the Company shall not be required to continue to pay the Base Salary specified in clause (A) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 13 during the three (3) year period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relates to any period following the Termination Date.

(b) Involuntary Termination in Absence of Change in Control. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs (other than any such termination following a Change in Control to which Section 7(a) applies), then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the

Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

(c) Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard

-3-

programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

(d) Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D)

no further severance, benefits or other compensation.

(e) Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

8. Limitation on Payments.

(a) In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

-4-

(b) If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

(c) Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a felony or other offense which involves moral turpitude or is otherwise injurious to the Company, (iii) a willful act by

Executive which constitutes gross misconduct and which is injurious to the Company, (iv) material breach of this Agreement by Executive, including (A) any material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

(b) Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the

-5-

termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location or to Fort Myers, Florida, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) Cognizant Corporation, a Delaware corporation, or any wholly-owned subsidiary of Cognizant Corporation (collectively, "Cognizant"), until Cognizant shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or Cognizant, or (D) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities;

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the

Company to effect a transaction described in Sections (2)(a)(i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved

-6-

in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from Cognizant Corporation to an affiliated company, subsidiary or spin-off entity of Cognizant Corporation, or the reduction in ownership of capital stock of the Company by Cognizant Corporation or any affiliated subsidiary or spin-off of Cognizant Corporation by means of sales of shares to the public, shall not alone be deemed to meet the requirements of clause (8)(e)(A) hereof.

10. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

-7-

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

11. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

12. No Conflicts.

(a) Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

(b) As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection

with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

13. Non-Competition Agreement.

(a) Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

-10-

14. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii)

one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

-11-

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded

punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

-12-

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
Chairman & Chief Executive Officer

EXECUTIVE

William T. Clifford
President & Chief Operating Officer

-13-

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of February 20, 1998, by and between E. Follett Carter, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as the EVP & President, Gartner Distribution of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment. The Company shall employ Executive in the position of EVP & President, Gartner Distribution, as such position has been defined in terms of responsibilities and compensation as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

2. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 2000, provided that such term (the "Employment Term") shall automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

3. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$19,583.33 per month for fiscal 1998, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

4. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1998 has previously been set at \$210,000, with a maximum bonus of \$420,000.

5. Executive Benefits.

(a) Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company

generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

(b) Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

6. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

7. Severance Benefits.

(a) Involuntary Termination following Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below) and within twelve (12) months thereafter (i) the Company or its successor terminates the employment of Executive involuntarily and without Business Reasons or (ii) a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of two (2) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or

agreement)), (D) forgiveness by the Company of all outstanding principal and interest due to the Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (E) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (F) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, the Company shall not be required to continue to pay the Base Salary specified in clause (A) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 13 during the three (3) year period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relates to any period following the Termination Date.

(b) Involuntary Termination in Absence of Change in Control. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs (other than any such termination following a Change in Control to which Section 7(a) applies), then Executive shall be entitled to

receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

(c) Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard

-3-

programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

(d) Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

(e) Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

8. Limitation on Payments.

(a) In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

-4-

(b) If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

(c) Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a felony or other offense which involves moral

turpitude or is otherwise injurious to the Company, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company, (iv) material breach of this Agreement by Executive, including (A) any material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

(b) Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the

-5-

termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location or to Fort Myers, Florida, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) Cognizant Corporation, a Delaware corporation, or any wholly-owned subsidiary of Cognizant Corporation (collectively, "Cognizant"), until Cognizant shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or Cognizant, or (D) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities;

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than

(A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections (2) (a) (i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved

-6-

in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from Cognizant Corporation to an affiliated company, subsidiary or spin-off entity of Cognizant Corporation, or the reduction in ownership of capital stock of the Company by Cognizant Corporation or any affiliated subsidiary or spin-off of Cognizant Corporation by means of sales of shares to the public, shall not alone be deemed to meet the requirements of clause (8) (e) (A) hereof.

10. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

-7-

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

11. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

12. No Conflicts.

(a) Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

(b) As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection

with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

13. Non-Competition Agreement.

(a) Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

-10-

14. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most

recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

-11-

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

-12-

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
Chairman & Chief Executive Officer

EXECUTIVE

E. Follett Carter
EVP & President, Gartner Distribution

-13-

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of February 20, 1998, by and between John F. Halligan, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as the EVP & Chief Financial Officer of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. **Employment.** The Company shall employ Executive in the position of EVP & Chief Financial Officer, as such position has been defined in terms of responsibilities and compensation as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

2. **Term.** The employment of Executive pursuant to this Agreement shall continue through October 1, 2000, provided that such term (the "Employment Term") shall automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

3. **Salary.** As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$19,583.33 per month for fiscal 1998, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

4. **Bonus.** In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1998 has previously been set at \$170,000, with a maximum bonus of \$340,000.

5. **Executive Benefits.**

(a) **Employee and Executive Benefits.** Executive will be entitled to receive all benefits provided to executives and employees of the Company generally from time to time, including medical, dental, life insurance and

long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

(b) Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

6. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

7. Severance Benefits.

(a) Involuntary Termination following Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below) and within twelve (12) months thereafter (i) the Company or its successor terminates the employment of Executive involuntarily and without Business Reasons or (ii) a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of two (2) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement)), (D) forgiveness by the Company of all outstanding principal and interest due to the

-2-

Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (E) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (F) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, the Company shall not be required to continue to pay the Base Salary specified in clause (A) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 13 during the three (3) year period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relates to any period following the Termination Date.

(b) Involuntary Termination in Absence of Change in Control. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs (other than any such termination following a Change in Control to which Section 7(a) applies), then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the

Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

(c) Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a

-3-

third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

(d) Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

(e) Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

8. Limitation on Payments.

(a) In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

-4-

(b) If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

(c) Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a felony or other offense which involves moral turpitude or is otherwise injurious to the Company, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company, (iv) material breach of this Agreement by Executive, including (A) any

material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

(b) Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the

-5-

termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location or to Fort Myers, Florida, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) Cognizant Corporation, a Delaware corporation, or any wholly-owned subsidiary of Cognizant Corporation (collectively, "Cognizant"), until Cognizant shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or Cognizant, or (D) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities;

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections (2)(a)(i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who publicly announces an intention to take or to consider taking actions

(including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved

-6-

in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from Cognizant Corporation to an affiliated company, subsidiary or spin-off entity of Cognizant Corporation, or the reduction in ownership of capital stock of the Company by Cognizant Corporation or any affiliated subsidiary or spin-off of Cognizant Corporation by means of sales of shares to the public, shall not alone be deemed to meet the requirements of clause (8) (e) (A) hereof.

10. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

-7-

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and its subsidiaries or the business of any customer thereof including, but not

limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

11. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

12. No Conflicts.

(a) Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

(b) As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection

-8-

with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

-9-

13. Non-Competition Agreement.

(a) Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the Company's trade secrets, Confidential Information and strategic plans of the

most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

-10-

14. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or

Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

-11-

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Counterparts. This Agreement may be executed in counterparts,

each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

-12-

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
Chairman & Chief Executive Officer

EXECUTIVE

John F. Halligan
EVP & Chief Financial Officer

-13-

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of February 20, 1998, by and between Michael D. Fleisher, an individual ("Executive") and Gartner Group, Inc., a Delaware corporation (the "Company").

Recitals

A. Executive currently serves as the EVP & President, Emerging Businesses of the Company.

B. The Company and Executive desire to provide for Executive's continued employment with the Company upon and subject to the terms and conditions set forth in this Agreement.

Agreement

Therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Employment. The Company shall employ Executive in the position of President, Emerging Business, as such position has been defined in terms of responsibilities and compensation as of the effective date of this Agreement; provided, however, that the Board of Directors of the Company (the "Board") shall have the right, at any time or from time to time, to revise such responsibilities and compensation as the Board in its discretion may deem necessary or appropriate. Executive shall comply with and be bound by the Company's operating policies, procedures and practices from time to time in effect during his employment. During the term of Executive's employment with the Company, Executive shall continue to devote his full time, skill and attention to his duties and responsibilities, and shall perform them faithfully, diligently and competently, and Executive shall use his best efforts to further the business of the Company and its affiliated entities.

2. Term. The employment of Executive pursuant to this Agreement shall continue through October 1, 2000, provided that such term (the "Employment Term") shall automatically renew at the end of the initial term and each subsequent term thereafter for a one (1) year period, unless Executive or the Company shall elect to terminate the Agreement by written notice to the other party not less than sixty (60) days prior to the end of the respective term.

3. Salary. As compensation for the services rendered by Executive under this Agreement, the Company shall pay to Executive a base salary ("Base Salary") initially equal to \$19,166.67 per month for fiscal 1998, payable to Executive on a monthly basis in accordance with the Company's payroll practices as in effect from time to time during the Employment Term. The Base Salary shall be subject to periodic adjustments by the Board or the Compensation Committee of the Board, in the sole discretion of the Board or such Committee.

4. Bonus. In addition to his Base Salary, Executive shall be entitled to participate in the Company's executive bonus program. The annual target bonus shall be established by the Board or its Compensation Committee, in the discretion of the Board or such Committee, and shall be payable based on achievement of specified Company and individual objectives. Executive's target bonus for the fiscal year ending September 30, 1998 has previously been set at \$150,000, with a maximum bonus of \$300,000.

5. Executive Benefits.

(a) Employee and Executive Benefits. Executive will be entitled to receive all benefits provided to executives and employees of the Company

generally from time to time, including medical, dental, life insurance and long-term disability, and the executive split-dollar life insurance and executive disability plan, so long as and to the extent the same exist; provided, that in respect to each such plan Executive is otherwise eligible and insurable in accordance with the terms of such plans.

(b) Vacation, Sick Leave and Holidays. Executive shall be entitled to vacation, sick leave and vacation in accordance with the policies of the Company and its subsidiaries as they exist from time to time. Executive understands that under the current policy he will receive four (4) weeks vacation per calendar year. Vacation which is not used during any calendar year will not roll over to the following year.

6. Employment Relationship. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. Either the Company or Executive may terminate this agreement and Executive's employment at any time, with or without Business Reasons (as defined in Section 8(a) below), in its or his sole discretion, upon fourteen (14) days' prior written notice of termination. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans and policies at the time of termination.

7. Severance Benefits.

(a) Involuntary Termination following Change in Control. If during the term of this Agreement the Company shall be subject to a Change in Control (as defined below) and within twelve (12) months thereafter (i) the Company or its successor terminates the employment of Executive involuntarily and without Business Reasons or (ii) a Constructive Termination occurs, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of two (2) years following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) acceleration in full of vesting of all outstanding stock options held by Executive (and in this regard all options held by Executive shall remain exercisable for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement)), (D) forgiveness by the Company of all outstanding principal and interest due to the

-2-

Company under indebtedness incurred by Executive to purchase shares of capital stock of the Company, (E) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election) for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such coverage to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (F) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, the Company shall not be required to continue to pay the Base Salary specified in clause (A) hereof for any period following the Termination Date if Executive violates the noncompetition agreement set forth in Section 13 during the three (3) year period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relates to any period following the Termination Date.

(b) Involuntary Termination in Absence of Change in Control. If during the term of this Agreement the Company terminates the employment of Executive involuntarily and without Business Reasons or a Constructive Termination occurs (other than any such termination following a Change in Control to which Section 7(a) applies), then Executive shall be entitled to

receive the following: (A) Base Salary and vacation accrued through the Termination Date plus continued Base Salary for a period of twelve (12) months following the Termination Date, payable in accordance with the Company's regular payroll schedule as in effect from time to time, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement) but only to the extent vested as of the Termination Date, (D) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, and (E) no other compensation, severance or other benefits. Notwithstanding the foregoing, however, if Executive violates the non-competition agreement set forth in Section 13 during the three (3) year period following the Termination Date, the Company shall not be required to continue to pay the salary or bonus specified in clause (A) hereof for any period following the Termination Date, and in such event Executive shall be obligated to repay to the Company any amounts previously received pursuant to clause (A) hereof, to the extent the same relate to any period following the Termination Date.

(c) Termination for Death or Disability. If during the term of this Agreement Executive's employment shall be terminated by reason of death or Executive shall become unable to perform his duties as an employee as a result of incapacity, which gives rise to termination of employment for Disability, then Executive shall be entitled to receive the following: (A) Base Salary and vacation accrued through the Termination Date only, (B) any bonus payment previously fixed and declared by the Board or its Compensation Committee on behalf of Executive and not previously paid to Executive, (C) continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits, through a

-3-

third party carrier, at the Company's election), for a period of not less than 18 months (or such longer period as may be required by COBRA), provided that Executive makes the necessary conversion, with the cost of such benefits to be paid by the Company for 18 months and by Executive for any period beyond 18 months, (D) the right to exercise all outstanding stock options held by Executive for ninety (90) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (E) such other benefits upon death or Disability, as the case may be, as may then be established under the Company's then-existing severance and benefit plans and policies at the time of such Disability or death, and (F) no other compensation, severance or other benefits.

(d) Voluntary Termination or Termination for Business Reasons. If (i) Executive voluntarily terminates his employment or (ii) Executive is terminated involuntarily for Business Reasons, then in any such event Executive or his representatives shall be entitled to receive the following: (A) Base Salary and accrued vacation through the Termination Date only, (B) the right to exercise all outstanding stock options held by Executive for thirty (30) days following the Termination Date (or such longer period as may be provided in the applicable stock option plan or agreement), but only to the extent vested as of the Termination Date, (C) to the extent COBRA shall be applicable to the Company, continuation of group health benefits pursuant to the Company's standard programs as in effect from time to time (or continuation of substantially similar benefits through a third party carrier, at the Company's election), for a period of 18 months (or such longer period as may be applicable under the Company's policies then in effect) following the Termination Date provided that Executive makes the appropriate conversion and payments, and (D) no further severance, benefits or other compensation.

(e) Exclusivity. The provisions of this Section 7 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, either at law, tort or contract, in equity, or under this Agreement, in the event of any termination of Executive's employment. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in paragraph (a), (b), (c), or (d) of this Section 7, whichever shall be applicable.

8. Limitation on Payments.

(a) In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8 would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

-4-

(b) If a reduction in the payments and benefits that would otherwise be paid or provided to Executive under the terms of this Agreement is necessary to comply with the provisions of Section 8(a), Executive shall be entitled to select which payments or benefits will be reduced and the manner and method of any such reduction of such payments or benefits (including but not limited to the number of options that would accelerate as to vesting under Section 7), subject to reasonable limitations (including, for example, express provisions under the Company's benefit plans) (so long as the requirements of Section 8(a) are met). Within thirty (30) days after the amount of any required reduction in payments and benefits is finally determined in accordance with the provisions of Section 8(c), Executive shall notify the Company in writing regarding which payments or benefits are to be reduced. If no notification is given by Executive, the Company will determine which amounts to reduce. If, as a result of any reduction required by Section 8(a), amounts previously paid to Executive exceed the amount to which Executive is entitled, Executive will promptly return the excess amount to the Company.

(c) Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Business Reasons. "Business Reasons" shall mean (i) any act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) commission of a felony or other offense which involves moral turpitude or is otherwise injurious to the Company, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the

Company, (iv) material breach of this Agreement by Executive, including (A) any material breach of the provisions of Section 10, 11, or 12 or 13 hereof, or (B) continued violation by Executive of Executive's obligations under Section 1 of this Agreement that are demonstrably willful and deliberate on Executive's part after there has been delivered to Executive a written demand for performance from the Company which describes the basis for the Company's belief that Executive has not substantially performed his duties.

(b) Disability. "Disability" shall mean that Executive has been unable to perform his duties as an employee as the result of Executive's incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). In the event that Executive resumes the performance of substantially all of his duties hereunder before the

-5-

termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(c) Termination Date. "Termination Date" shall mean (i) if this Agreement is terminated on account of death, the date of death; (ii) if this Agreement is terminated for Disability, the date specified in Section 9(b); (iii) if this Agreement is terminated by the Company, the termination date specified in the notice of termination given by the Company to Executive; (iv) if the Agreement is terminated by Executive, the termination date specified in the notice of termination given by Executive to the Company; or (v) if this Agreement expires by its terms, then the last day of the term of this Agreement.

(d) Constructive Termination. A "Constructive Termination" shall be deemed to occur if (A) without the consent of Executive, (i) there is a significant reduction in Executive's duties, authorities and responsibilities, (ii) Executive is required to relocate his place of employment, other than a relocation within 50 miles of Executive's current business location, or (iii) there is a reduction of more than 20% of Executive's Base Salary or target bonus (other than any such reduction consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company) and (B) within the thirty (30) day period immediately following such material adverse change or reduction Executive elects to terminate his employment voluntarily.

(e) Change in Control. A "Change in Control" shall be deemed to have occurred if:

(i) any "Person," as such term is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than (A) the Company, (B) Cognizant Corporation, a Delaware corporation, or any wholly-owned subsidiary of Cognizant Corporation (collectively, "Cognizant"), until Cognizant shall cease to be the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 15% of the combined voting power of the Company's then-outstanding securities, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or Cognizant, or (D) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then-outstanding securities;

(ii) during any period of twenty-four months (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections (2) (a) (i), (iii) or (iv) hereof, (B) a director nominated by any Person (including the Company) who

publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control or (C) a director nominated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's securities) whose election by the Board or nomination for election by the Company's stockholders was approved

-6-

in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(iii) the stockholders of the Company approve any transaction or series of transactions under which the Company is merged or consolidated with any other company, other than a merger or consolidation (A) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (B) after which no Person holds 20% or more of the combined voting power of the then-outstanding securities of the Company or such surviving entity;

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

A transfer of shares of stock of the Company from Cognizant Corporation to an affiliated company, subsidiary or spin-off entity of Cognizant Corporation, or the reduction in ownership of capital stock of the Company by Cognizant Corporation or any affiliated subsidiary or spin-off of Cognizant Corporation by means of sales of shares to the public, shall not alone be deemed to meet the requirements of clause (8) (e) (A) hereof.

10. Confidential Information.

(a) Executive acknowledges that the Confidential Information (as defined below) relating to the business of the Company and its subsidiaries which Executive has obtained or will obtain during the course of his association with the Company and subsidiaries and his performance under this Agreement are the property of the Company and its subsidiaries. Executive agrees that he will not disclose or use at any time, either during or after the Employment period, any Confidential Information without the written consent of the Board of Directors of the Company. Executive agrees to deliver to the Company at the end of the Employment period, or at any other time that the Company may request, all memoranda, notes, plans, records, documentation and other materials (and copies thereof) containing Confidential Information relating to the business of the Company and its subsidiaries, no matter where such material is located and no matter what form the material may be in, which Executive may then possess or have under his control. If requested by the Company, Executive shall provide to the Company written confirmation that all such materials have been delivered to the Company or have been destroyed. Executive shall take all appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft.

-7-

(b) "Confidential Information" shall mean information which is not generally known to the public and which is used, developed, or obtained by the Company or its subsidiaries relating to the businesses of any of the Company and

its subsidiaries or the business of any customer thereof including, but not limited to: products or services; fees, costs and pricing structure; designs; analyses; formulae; drawings; photographs; reports; computer software, including operating systems, applications, program listings, flow charts, manuals and documentation; databases; accounting and business methods; inventions and new developments and methods, whether patentable or unpatentable and whether or not reduced to practice; all copyrightable works; the customers of any of the Company and its subsidiaries and the Confidential Information of any customer thereof; and all similar and related information in whatever form. Confidential Information shall not include any information which (i) was rightfully known by Executive prior to the Employment Period; (ii) is publicly disclosed by law or in response to an order of a court or governmental agency; (iii) becomes publicly available through no fault of Executive or (iv) has been published in a form generally available to the public prior to the date upon which Executive proposes to disclose such information. Information shall not be deemed to have been published merely because individual portions of the information have been separately published, but only if all the material features comprising such information have been published in combination.

11. Inventions and Patents. In the event that Executive, as a part of Executive's activities on behalf of the Company, generates, authors or contributes to any invention, new development or method, whether or not patentable and whether or not reduced to practice, any copyrightable work, any trade secret, any other Confidential Information, or any information that gives any of the Company and its subsidiaries an advantage over any competitor, or similar or related developments or information related to the present or future business of any of the Company and its subsidiaries (collectively "Developments and Information"), Executive acknowledges that all Developments and Information are the exclusive property of the Company. Executive hereby assigns to the Company, its nominees, successors or assigns, all rights, title and interest to Developments and Information. Executive shall cooperate with the Company's Board of Directors to protect the interests of the Company and its subsidiaries in Developments and Information. Executive shall execute and file any document related to any Developments and Information requested by the Company's Board of Directors including applications, powers of attorney, assignments or other instruments which the Company's Board of Directors deems necessary to apply for any patent, copyright or other proprietary right in any and all countries or to convey any right, title or interest therein to any of the Company's nominees, successors or assigns.

12. No Conflicts.

(a) Executive agrees that in his individual capacity he will not enter into any agreement, arrangement or understanding, whether written or oral, with any supplier, contractor, distributor, wholesaler, sales representative, representative group or customer, relating to the business of the Company or any of its subsidiaries, without the express written consent of the Board of Directors of the Company.

(b) As long as Executive is employed by the Company or any of its subsidiaries, Executive agrees that he will not, except with the express written consent of the Board of Directors of the Company, become engaged in, render services for, or permit his name to be used in connection

-8-

with, any business other than the business of the Company, any of its subsidiaries or any corporation or partnership in which the Company or any of its subsidiaries have an equity interest.

-9-

13. Non-Competition Agreement.

(a) Executive acknowledges that his services are of a special, unique and extraordinary value to the Company and that he has access to the

Company's trade secrets, Confidential Information and strategic plans of the most valuable nature. Accordingly, Executive agrees that for the period of three (3) years following the Termination Date, Executive shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or any of its subsidiaries as such businesses exist or are in process of development on the Termination Date, including without limitation the publication of periodic research and analysis of the information technology industries. Nothing herein shall prohibit Executive from being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) In addition, for a period of three (3) years commencing on the Termination Date, Executive shall not (i) induce or attempt to induce any employee of the Company or any subsidiary to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company or any subsidiary and any employee thereof, (ii) hire directly or through another entity any person who was an employee of the Company or any subsidiary at any time during the Employment Period, or (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary.

(c) Executive agrees that these restrictions on competition and solicitation shall be deemed to be a series of separate covenants not-to-compete and a series of separate non-solicitation covenants for each month within the specified periods, separate covenants not-to-compete and non-solicitation covenants for each state within the United States and each country in the world, and separate covenants not-to-compete for each area of competition. If any court of competent jurisdiction shall determine any of the foregoing covenants to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, such remaining covenants shall nonetheless be enforceable by such court against such other party or parties or upon such shorter term or within such lesser scope as may be determined by the court to be enforceable.

(d) Because Executive's services are unique and because Executive has access to Confidential Information and strategic plans of the Company of the most valuable nature, the parties agree that the covenants contained in this Section 13 are necessary to protect the value of the business of the Company and that a breach of any such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. The parties agree therefore that in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof.

-10-

14. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing, shall be effective when given, and in any event shall be deemed to have been duly given (i) when delivered, if personally delivered, (ii) three (3) business days after deposit in the U.S. mail, if mailed by U.S. registered or certified mail, return receipt requested, or (iii) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, if so delivered, freight prepaid. In the case of Executive, notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Corporate Secretary.

(b) Notice of Termination. Any termination by the Company or Executive shall be communicated by a notice of termination to the other party hereto given in accordance with paragraph (a) hereof. Such notice shall indicate the specific termination provision in this Agreement relied upon.

(c) Successors.

(i) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall be entitled to assume the rights and shall be obligated to assume the obligations of the Company under this Agreement and shall agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this subsection (i) or which becomes bound by the terms of this Agreement by operation of law.

(ii) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(iii) No Other Assignment of Benefits. Except as provided in this Section 14(c), the rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this subsection (iii) shall be void.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

-11-

(e) Entire Agreement. This Agreement shall supersede any and all prior agreements, representations or understandings (whether oral or written and whether express or implied) between the parties with respect to the subject matter hereof.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Governing Law; Arbitration. This Agreement shall be construed in accordance with and governed by the laws of the State of New York as they apply to contracts entered into and wholly to be performed within such state by residents of such state. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Stamford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. No party shall be entitled to seek or be awarded punitive damages. All attorneys' fees and costs shall be allocated or apportioned by the parties, and in the absence of any agreement or allocation or apportionment shall be awarded to the prevailing party.

(h) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

-12-

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY

GARTNER GROUP, INC.

By: _____
Manuel A. Fernandez
Chairman & Chief Executive Officer

EXECUTIVE

Michael D. Fleisher
EVP & President, Emerging Businesses

SUBSIDIARIES OF REGISTRANT	STATE/COUNTRY OF INCORPORATION
AICC Consultores, S.A.	Chile
AICC Consultores, S.A.	Argentina
AICC Technology, S.A.	Argentina
Computer & Communications Information Group, Inc. (dba Datapro Information Services)	New Jersey
Dataquest (Korea), Inc.	Delaware
Dataquest Australia Pty. Ltd.	Australia
Dataquest, Incorporated	California
Decision Drivers, Inc.	Delaware
DQ Research Pte, Ltd.	Singapore
G-Fund, L.L.C.	Delaware
G.G. Canada, Inc.	Delaware
G.G. Credit, Inc.	Delaware
G.G. Global Holding, Inc.	Delaware
G.G. Investment Management, Inc.	Delaware
G.G. Properties, Inc.	Delaware
G.G. Properties, Ltd.	Bermuda
G.G. West Corporation	Delaware
Gartner Credit Corporation	Delaware
Gartner Enterprises, Ltd.	Delaware
Gartner Group Advisory (Singapore) PTE Ltd.	Singapore
Gartner Group Asia, Inc.	Delaware
Gartner Group Canada Co.	Canada
Gartner Group DO Brasil, S/C Ltda.	Brazil
Gartner Group Europe Holdings, B.V.	The Netherlands
Gartner Group Europe, Inc.	Delaware
Gartner Group France S.A.R.L.	France
Gartner Group FSC, Inc.	Virgin Islands
Gartner Group Hong Kong, Ltd.	Hong Kong
Gartner Group Italia, S.r.L.	Italy
Gartner Group Japan K.K.	Japan
Gartner Group Nederland B.V.	The Netherlands
Gartner Group Norge A/S	Norway
Gartner Group Pacific Pty Limited	Australia
Gartner Group Research (Thailand) Ltd.	Thailand
Gartner Group Scandinavia A/S	Denmark
Gartner Group Sverige AB	Sweden
Gartner Group Switzerland AG	Switzerland
Gartner Group Taiwan Ltd.	Taiwan
Gartner Group UK Ltd.	United Kingdom
Gartner Group, GmbH	Germany
New Science Associates, Ltd.	Ireland
New Science Limited	United Kingdom
The Research Board	Delaware
View Acquisition Company	Delaware
Vision Events International, Inc.	Delaware

INDEPENDENT AUDITORS' CONSENT

The Board of Directors and Stockholders
Gartner Group, Inc.:

We consent to incorporation by reference in the registration statements (No. 33-67576, No. 33-85926, No. 33-92486, No. 333-35169 and No. 333-42587) on Form S-8 of Gartner Group, Inc. of our report dated October 30, 1998, except as to note 18 which is as of November 12, 1998, and the eighth paragraph of note 3 (Interpose Acquisition) which is as of December 10, 1998, relating to the consolidated balance sheets of Gartner Group, Inc. and its subsidiaries as of September 30, 1998 and 1997, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three year period ended September 30, 1998, which report appears in the 1998 Annual Report on Form 10-K of Gartner Group, Inc. We also consent to incorporation by reference of our report on the related financial statement schedule included elsewhere herein.

KPMG Peat Marwick LLP

St. Petersburg, Florida
December 23, 1998

<ARTICLE>	5	
<CIK>	0000749251	
<NAME>	s\$aeue2	
<MULTIPLIER>		1,000
<CURRENCY>		USD
<PERIOD-TYPE>	12-MOS	
<FISCAL-YEAR-END>		SEP-30-1998
<PERIOD-START>		OCT-01-1997
<PERIOD-END>		SEP-30-1998
<EXCHANGE-RATE>		1
<CASH>		157,744
<SECURITIES>		60,940
<RECEIVABLES>		243,368
<ALLOWANCES>		4,125
<INVENTORY>		0
<CURRENT-ASSETS>		511,079
<PP&E>		110,003
<DEPRECIATION>		59,202
<TOTAL-ASSETS>		832,871
<CURRENT-LIABILITIES>		414,835
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		57
<OTHER-SE>		414,881
<TOTAL-LIABILITY-AND-EQUITY>		832,871
<SALES>		641,957
<TOTAL-REVENUES>		641,957
<CGS>		247,913
<TOTAL-COSTS>		247,913
<OTHER-EXPENSES>		246,456
<LOSS-PROVISION>		4,051
<INTEREST-EXPENSE>		0
<INCOME-PRETAX>		151,121
<INCOME-TAX>		62,774
<INCOME-CONTINUING>		88,347
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		88,347
<EPS-PRIMARY>		0.88
<EPS-DILUTED>		0.84