Form 10-Q

United States Securities And Exchange Commission
Washington, D.C. 20549

|X| Quarterly Report pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934 for the fiscal quarter ended February 29, 2000

|_| 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: 1-11869

FactSet Research Systems Inc.
(Exact name of registrant as specified in its charter)

Delaware	13-3362547
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Greenwich Plaza, Greenwich, Connecticut	06830
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (203) 863-1500

Indicate by check mark whether the registrant (1) has filed all reports required 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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each class	Outstanding at February 29, 2000
Common Stock, par value $.01	32,240,082

FactSet Research Systems Inc.

Form 10-Q
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FactSet Research Systems Inc.
CONSOLIDATED STATEMENTS OF INCOME-Unaudited
In thousands, except per share data

	Three Months Ended		Six Months Ended	
	Feb 29, 2000	Feb 28, 1999(1)	Feb 29, 2000	Feb 28, 1999(1)
Subscription Revenues				
Commissions	$11,980	$10,076	$22,876	$19,522
Cash fees	20,505	15,159	39,893	29,543
Total subscription revenues	32,485	25,235	62,769	49,065
Expenses				
Cost of services	11,562	9,053	22,122	17,564
Selling, general, and administrative	11,676	9,228	22,718	17,953
Total operating expenses	23,238	18,281	44,840	35,517
Income from operations	9,247	6,954	17,929	13,548
Other income	700	452	1,387	945
Income before income taxes	9,947	7,406	19,316	14,493
Provision for income taxes	3,752	2,891	7,595	5,658
Non-recurring tax benefit	(1,119)	-	(1,119)	-
Total income taxes	2,633	2,891	6,476	5,658
Net income	$7,314	$4,515	$12,840	$8,835
Basic earnings per common share	$0.23	$0.15	$0.40	$0.29
Diluted earnings per common share	$0.21	$0.13	$0.37	$0.27
Weighted average common shares (Basic)	31,887	30,484	31,709	30,292
Weighted average common shares (Diluted)	34,659	33,610	34,556	33,130

(1) Earnings per share and weighted average common shares give retroactive effect to the 2-for-1 stock split, effected as a stock dividend, that occurred on February 4, 2000.

The accompanying notes are an integral part of these consolidated financial statements.

FactSet Research Systems Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME-Unaudited
In thousands

	Three Months Ended		Six Months Ended	
	Feb 29, 2000	Feb 28, 1999	Feb 29, 2000	Feb 28, 1999
Net income	$7,314	$4,515	$12,840	$8,835
Unrealized loss on investments, net of taxes	(4)	-	(26)	-
Comprehensive Income	$7,310	$4,515	$12,814	$8,835

The accompanying notes are an integral part of these consolidated financial statements.

FactSet Research Systems Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION-Unaudited

ASSETS

In thousands	February 29, 2000	August 31, 1999
CURRENT ASSETS		
Cash and cash equivalents	$33,516	$31,837
Investments	27,284	22,934
Receivable from clients and clearing brokers	17,639	14,399
Receivable from employees	733	614
Prepaid taxes	1,063	-
Deferred taxes	6,156	6,437
Other current assets	440	413
Total current assets	86,831	76,634
LONG-TERM ASSETS		
Property, equipment, and leasehold improvements, at cost	62,500	55,334
Less accumulated depreciation	(40,020)	(33,951)
Property, equipment, and leasehold improvements, net	22,480	21,383
OTHER LONG-TERM ASSETS		
Deferred taxes	2,472	1,785
Other assets	1,742	1,742
TOTAL ASSETS	$113,525	$101,544

LIABILITIES AND STOCKHOLDERS' EQUITY

In thousands	February 29, 2000	August 31, 1999
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$7,442	$6,657
Accrued compensation	7,134	7,558
Deferred fees and commissions	6,253	6,964
Dividend payable	982	788
Current taxes payable	-	1,522
Total current liabilities	21,811	23,489
NON-CURRENT LIABILITIES		
Deferred rent	523	441
Total liabilities	22,334	23,930
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	-	-
Common stock	326	316
Capital in excess of par value	17,167	14,160
Retained earnings	75,514	64,452
Unrealized (loss) gain on investments, net of taxes	(19)	7
Less treasury stock, at cost	(1,797)	(1,321)
Total stockholders' equity	91,191	77,614
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$113,525	$101,544

The accompanying notes are an integral part of these consolidated financial statements.

FactSet Research Systems Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS-Unaudited

In thousands	Six Months Ended Feb 29, 2000	Six Months Ended Feb 28, 1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$12,840	$8,835
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	6,069	4,249
Deferred tax benefit	(406)	(306)
Accrued ESOP contribution	625	500
Net income adjusted for non-cash operating items	19,128	13,278
Changes in working capital		
Receivable from clients and clearing brokers	(3,240)	(2,329)
Prepaid taxes	(1,063)	-
Receivable from employees	(119)	133
Accounts payable and accrued expenses	785	3,100
Accrued compensation	(49)	930
Deferred fees and commissions	(711)	(77)
Current taxes payable	(1,522)	(880)
Other working capital accounts, net	56	673
Net cash provided by operating activities	13,265	14,828
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net	(4,376)	-
Purchases of property, equipment, and leasehold improvements	(7,167)	(9,162)
Net cash used in investing activities	(11,543)	(9,162)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payments	(1,461)	-
Repurchase of common stock from employees	(476)	(390)
Proceeds from exercise of stock options	1,032	1,720
Income tax benefits from option exercises	862	-
Net cash (used in) provided by financing activities	(43)	1,330
Net increase in cash and cash equivalents	1,679	6,996
Cash and cash equivalents at beginning of period	31,837	37,631
Cash and cash equivalents at end of period	$33,516	$44,627

The accompanying notes are an integral part of these consolidated statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FactSet Research Systems Inc.
February 29, 2000
(Unaudited)

1. ORGANIZATION AND NATURE OF BUSINESS

FactSet Research Systems Inc. (the "Company") provides online integrated database services to the financial community. The Company's revenues are derived from subscription charges. Solely at the option of each client, these charges may be paid either in commissions on securities transactions (in which case subscription revenues are recorded as commissions) or on a cash basis (in which case subscription revenues are recorded as cash fees).

To facilitate the receipt of subscription revenues on a commission basis, clients direct trends to the Company's wholly owned subsidiary, FactSet Data Systems, Inc. ("FDS"). FDS is a member of the National Association of Securities Dealers, Inc. and is a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934.

Subscription revenues paid in commissions are derived from securities transactions introduced and cleared on a fully disclosed basis primarily through two clearing brokers. That is, a client paying subscription charges on a commission basis directs the clearing broker, at the time the client executes a securities transaction, to credit the commission on the transaction to FDS's account.

FactSet Limited and FactSet Pacific, Inc. are wholly owned subsidiaries of the Company and are U.S. corporations with foreign branch operations in London, Tokyo, Hong Kong, and Sydney.

2. ACCOUNTING POLICIES

The accompanying interim consolidated financial statements of the Company have been prepared in conformity with generally accepted accounting principles, consistent in all material respects with those applied in the Annual Report on Form 10-K for the fiscal year ended August 31, 1999. Interim financial information is unaudited, but reflects all normal adjustments which are, in the opinion of management, necessary to present fairly the results for the interim periods presented. The interim financial statements should be read in connection with the audited financial statements (including the footnotes thereto) in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1999.

The significant accounting policies of the Company and its subsidiaries are summarized below.

Financial Statement Presentation
The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany activity and balances have been eliminated from the consolidated financial statements.

Cost of services is composed of employee compensation and benefits for the applications engineering and consulting groups, clearing fees, data costs, computer maintenance and depreciation expenses, and communication costs. Selling, general, and administrative expenses include employee compensation and benefits for the sales, product development and various other support departments, promotional expenses, rent, amortization of leasehold improvements, depreciation of furniture and fixtures, office expenses, professional fees, and other expenses.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates have been made in areas including valuation allowances for deferred taxes assets, depreciable lives of fixed assets, accrued liabilities, income tax provision and allowances for doubtful accounts. Actual results could differ from those estimates.

Revenue Recognition
Subscription charges are quoted to clients on an annual basis, but are earned monthly as services are provided. Subscription revenues recorded as commissions and subscription revenues recorded as cash fees are each recognized as earned each month, based on one-twelfth of the annual subscription charge quoted to each client. Amounts that have been earned but not yet paid through the receipt of commissions on securities transactions or through cash payments are reflected on the Consolidated Statements of Financial Condition as receivables from clients. Amounts that have been received through commissions on securities transactions or through cash payments that are in excess of earned subscription revenues are reflected on the Consolidated Statements of Financial Condition as deferred cash fees and commissions.

Clearing Fees

When subscription charges are paid on a commission basis, the Company incurs clearing fees, which are the charges imposed by the clearing brokers used to execute and settle clients' securities transactions. Clearing fees are recorded when subscription revenues recorded as commissions are earned.

Cash and Cash Equivalents

Cash and cash equivalents consists of demand deposits and money market investments with maturities of 90 days or less.

Investments

Investments have original maturities greater than 90 days and are classified as available-for-sale securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES, and are reported at market value. Unrealized gains and losses on available-for-sale securities are recognized as a separate component of stockholders' equity, net of tax.

Property, Equipment, and Leasehold Improvements

Computers and related equipment are depreciated on a straight-line basis over estimated useful lives of three years. Depreciation of furniture and fixtures is recognized using the double declining balance method over estimated useful lives of five years. Leasehold improvements are amortized on a straight-line basis over the terms of the related leases or estimated useful lives of the improvements, whichever period is shorter.

Taxes

Deferred taxes are determined by calculating the estimated future tax consequences associated with differences between financial accounting and tax bases of assets and liabilities. A valuation allowance is established to the extent management considers it more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred taxes from income tax law changes is recognized immediately upon enactment. The deferred tax provision is derived from changes in deferred taxes on the balance sheet and reflected on the Consolidated Statements of Income as a component of income taxes. The Company records deferred taxes for such items as accrued compensation and other liabilities; deferred cash fees and commissions; deferred rent; and property, equipment, and leasehold improvements, net of depreciation and amortization. Included in income taxes for the second quarter of fiscal 2000 was a non-recurring tax benefit of $1.1 million from adjustments to prior years' federal and state income tax returns.

Income tax benefits derived from the exercise of non-qualified stock options or the disqualifying disposition of incentive stock options are recorded directly to capital in excess of par value.

Included in accounts payable and accrued expenses are accrued taxes other than income taxes of $4.8 million and $3.7 million at February 29, 2000 and August 31, 1999, respectively.

Earnings Per Share

The computation of basic earnings per share in each year is based on the weighted average number of common shares outstanding. The weighted average number of common shares outstanding includes shares issued to the Company's employee stock ownership plan at the date authorized by the Board of Directors. Earnings per share and number of shares outstanding give retroactive effect for the 2-for-1 stock split announced on January 13, 2000 and distributed on February 4, 2000, for all years presented. Diluted earnings per share is based on the weighted average number of common shares and common share equivalents outstanding. Shares available pursuant to grants made under the Company's stock option plans are included as common share equivalents using the treasury stock method.

Stock-Based Compensation

In January 2000, the Company's shareholders approved the Year 2000 Employee Stock Option Plan. Under this plan, stock options to purchase up to 4,000,000 shares of Common Stock were made available for grant to employees of the Company and its subsidiaries selected by the Company's Compensation Committee.

The Company follows the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION.

New Accounting Pronouncement

In March 1998, Statement of Position 98-1, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED OR OBTAINED FOR INTERNAL USE, was issued. The Company adopted this statement effective September 1, 1999. The impact on the Company's results of operations and financial position was not material.

In December 1999, Staff Accounting Bulletin ("SAB") No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS, was issued. The Company reviewed this bulletin and noted that we are in compliance with SAB No. 101.

3. COMMON STOCK AND EARNINGS PER SHARE

Shares of common stock and related amounts give retroactive effect to the 2-for-1 stock split, effected as a stock dividend, that occurred on February 4, 2000.

Shares of common stock outstanding were as follows:

In thousands and unaudited	Six months ended Feb 29, 2000	Six months ended Feb 28, 1999
Balance at September 1,	31,538	29,020
Additional stock issued for ESOP	48	72
Exercise of stock options	670	1,842
Repurchase of common stock	(16)	(18)
Balance at February 29, 2000 and February 28, 1999	32,240	30,916

A reconciliation between the weighted average shares outstanding used in the basic and diluted EPS computations is as follows:

In thousands, except per share data and unaudited

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
For the Three Months Ended February 29, 2000			
Basic EPS			
Net income available to common stockholders	$7,314	31,887	$0.23
Diluted EPS			
Dilutive effect of stock options	-	2,772	
Net income available to common stockholders	$7,314	34,659	$0.21
For the Three Months Ended February 28, 1999			
Basic EPS			
Net income available to common stockholders	$4,515	30,484	$0.15
Diluted EPS			
Dilutive effect of stock options	-	3,126	
Net income available to common stockholders	$4,515	33,610	$0.13
For the Six Months Ended February 29, 2000			
Basic EPS			
Net income available to common stockholders	$12,840	31,709	$0.40
Diluted EPS			
Dilutive effect of stock options	-	2,847	
Net income available to common stockholders	$12,840	34,556	$0.37
For the Six Months Ended February 28, 1999			
Basic EPS			
Net income available to common stockholders	$8,835	30,292	$0.29
Diluted EPS			
Dilutive effect of stock options	-	2,838	
Net income available to common stockholders	$8,835	33,130	$0.27

4. SEGMENTS

The Company follows Statement of Financial Accounting Standards ("SFAS") No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION. The Company has two reportable segments based on geographic operations: the United States and International. Each segment markets online integrated database services to investment managers, investment banks, and other financial services professionals. The U.S. segment consists of services provided to financial institutions throughout North America while the International segment consists of services provided to investment professionals primarily in Europe and the Pacific Rim. The International segment includes two foreign branch operations that are primarily staffed by sales and consulting personnel. Segment revenues reflect direct sales of products and services to clients based on their geographic location. There are no intersegment or intercompany sales. Each segment records compensation, travel, office, and other direct expenses related to its employees. Expenses for software development, expenditures related to the Company's computing centers, data costs, clearing fees, income taxes, and corporate headquarters charges are recorded by the U.S. segment and are not allocated to the foreign segments. The accounting policies of the segments are the same as those described in Note 2, "Accounting Policies."

Segment Information

Thousands	U.S.	International	Total
Three Months Ended February 29, 2000			
Revenues from external clients	$27,345	$5,140	$32,485
Segment operating profit*	7,312	1,935	9,247
Total assets at February 29, 2000	105,796	7,729	113,525
Capital expenditures	2,939	813	3,752
Three Months Ended February 28, 1999			
Revenues from external clients	$21,651	$3,584	$25,235
Segment operating profit*	5,696	1,258	6,954
Total assets at February 28, 1999	79,482	4,766	84,248
Capital expenditures	5,807	351	6,158
For the Six Months Ended February 29, 2000			
Revenues from external clients	$52,857	$9,912	$62,769
Segment operating profit*	13,866	4,063	17,929
Capital expenditures	6,125	1,042	7,167
For the Six Months Ended February 28, 1999			
Revenues from external clients	$42,192	$6,873	$49,065
Segment operating profit*	10,528	3,020	13,548
Capital expenditures	8,495	667	9,162

* Expenses are not allocated or charged between segments. Expenditures associated with the Company's computer centers, software development costs, clearing fees, data fees, income taxes, and corporate headquarters charges are recorded by the U.S. segment.

Two separate regions (Europe and the Pacific Rim) were aggregated to form the International segment. The Europe and Pacific Rim segments have similar market characteristics and each offers identical products and services through a common distribution method to financial services institutions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS-Unaudited

In thousands, except per share data	Three Months Ended Feb 29, 2000	Feb 28, 1999	Change	Six Months Ended Feb 29, 2000	Feb 28, 1999	Change
Revenues	$32,485	$25,235	28.7%	$62,769	$49,065	27.9%
Operating expenses	23,238	18,281	27.1	44,840	35,517	26.2
Operating income	9,247	6,954	33.0	17,929	13,548	32.3
Provision for income taxes	3,752	2,891	29.8	7,595	5,658	34.2
Non-recurring tax benefit	(1,119)	-		(1,119)	-	
Total income taxes	2,633	2,891		6,476	5,658	
Net income	7,314	4,515	62.0	12,840	8,835	45.3
Diluted earnings per common share*	$0.21	$0.13	61.5	$0.37	$0.27	37.0

* Diluted earnings per share give retroactive effect to the 2-for-1 stock split that occurred on February 4, 2000.

REVENUES

Revenues for the quarter ended February 29, 2000 grew 28.7% to $32.5 million compared to $25.2 million a year ago. For the first half of fiscal 2000, revenues increased 27.9% to $62.8 million. The primary drivers behind revenue growth were incremental subscriptions to additional services and databases by existing clients, as well as the net addition of 95 clients over the past twelve months.

Quarterly revenues from international operations increased 43.4% to $5.1 million. Revenues from European operations grew 38.5%. Revenue growth in Asia Pacific grew 56.8%. Overseas revenues for the first half of fiscal 2000, rose 44.2% to $9.9 million. Revenues from international operations accounted for over 15% of consolidated revenues for both the second quarter and the first six months of fiscal 2000.

Client retention for both the second quarter of fiscal 2000 and for the first half of the year continued at a rate in excess of 95%. Total client commitments at February 29, 2000 were $132.2 million, an increase of 28.1% over the year earlier period. New products and services aimed at portfolio managers were among the key contributors to the commitment increase. Approximately 140 clients representing nearly 1,000 users now subscribe to FactSet's portfolio analytic applications. ("Commitments" at a given point in time represent the forward-looking revenues for the next 12 months from all services currently being supplied to clients.) As of February 29, 2000, the average commitment from the Company's 690 clients was $192,000, an increase of 11% over the same period a year ago. As a matter of policy, the Company does not seek to enter into written contracts with its clients and clients can add or delete services at any time.

Password count at the beginning and end of the second quarter of fiscal 2000 was 21,000. An increased user base among existing clients was offset by the effect of a revised agreement with a major client. This agreement resulted in the reduction of the number of passwords held by this client, but significantly increased its annual commitment.

Operating Expenses

Cost of Services

Cost of services for the quarter ended February 29, 2000 were $11.6 million, an increase of 27.7% compared to the same period a year ago. For the first six months of fiscal 2000, cost of services increased 25.9% to $22.1 million. Increases for both periods was due to higher employee compensation, higher clearing fees and increased depreciation expense.

Employee Compensation and Benefits

Employee compensation and benefits for the applications and engineering departments increased $900,000 in the second quarter of fiscal 2000. For the six months ended February 29, 2000, employee compensation and benefits rose $2.0 million. Employee additions and additional merit raises drove these increases. The applications engineering and consulting departments have increased staff 20% over the past twelve months.

Clearing Fees

Clearing fees rose $600,000 in the second quarter of fiscal 2000 and $900,000 for the first half of the year. These increases are the result of higher client commission payments and clearing rates emanating from international trades.

Depreciation Expense

Depreciation expense on computer related equipment grew $700,000 in the second quarter and $1.4 million for the first six months of the fiscal year over the same period a year ago. These increases are the result of higher levels of computer and communication equipment spending to support FactSet's growing user base. During the first six months of fiscal 2000, data center enhancements were made to increase capacity by 35%. Disk storage capacity increased 36% to 3.4 terabytes. In addition, a new computer telephony integration phone system, which will allow for enhanced processing and servicing of incoming client calls, was purchased in the second quarter of fiscal 2000.

Selling, General, and Administrative

For the three months ending February 29, 2000, selling, general, and administrative (SG&A) expenses totaled $11.7 million, up 26.5% from the same period a year ago. SG&A expenses for the first half of fiscal 2000 totaled $22.7 million, an increase of 26.5% over the same period a year ago. These increases were largely the result of additional employee compensation, travel and entertainment and rent expenses.

Employee Compensation and Benefits

Employee compensation and benefits for the sales, product development, and various other support departments grew by $903,000 in the second quarter of fiscal 2000 compared to the prior year. For the six months ended February 29, 2000, employee compensation rose $1.8 million. Employee headcount grew by 25% for these departments during the 12 months ended February 29, 2000.

Travel and Entertainment Expense

Travel and entertainment (T&E) expense grew $366,000 for the quarter ended February 29, 2000. For the six months ended February 29, 2000, T&E grew $740,000. Increases in T&E for both periods resulted from the servicing of an expanding global client base.

Rent Expense and Amortization of Leasehold Improvements

Rent and amortization expense increased $513,000 for the quarter ended February 29, 2000. For the first half of fiscal 2000, rent and amortization expense increased $924,000 as compared to the same period a year ago. Office openings in Sydney and Boston and office expansions in San Mateo, Tokyo and London were the factors behind this increase.

Foreign Currency

Approximately 95% of the Company's revenues were collected in U.S. dollars. The net monetary assets held by the Company's foreign offices were also immaterial. As a result, the Company's exposure to foreign currency fluctuations was insignificant.

Operating Margin

Operating margin for the quarter ended February 29, 2000 was 28.5%, up from 27.6% a year ago. Operating margin for the six months ended February 29, 2000 was 28.6%, up from 27.6% from the same period a year ago. The improvement in the operating margin was primarily the result of declining clearing fees, data costs and employee compensation, offset by increased depreciation, travel and occupancy costs as a percentage of revenues.

Clearing Fees

Higher margin percentages are generated from cash fees than commission revenues, although net revenues to the Company are approximately the same under both payment methods. Clients electing to settle obligations through commissions on securities transactions pay a higher amount for their subscription than cash-paying clients in order to cover broker clearing charges paid by the Company. For the six months ended February 29, 2000, commission revenues declined as a percentage of total revenues from approximately 40% to 36%. The end result of this decrease is declining clearing fees as a percentage of revenues for the six months ended February 29, 2000.

Data Costs

Data costs for the three months and six months ended February 29, 2000 declined as a percentage of revenues, primarily due to changes in data fee payment arrangements. Prior to January 1, 2000, certain database charges were charged by FactSet and subsequently remitted to the database vendor. These charges are currently being paid directly to the database vendor by the Company's clients. This change in the structure of payments had the effect of increasing FactSet's operating margin for the three months and six months ended February 29, 2000.

Income Taxes

Income taxes for the second quarter of fiscal 2000 were $2.6 million, a decline of $300,000 and 3.4% as a percentage of revenues compared to the year ago period. Included in income taxes was a non-recurring tax benefit of $1.1 million from adjustments to prior years federal and state income tax returns. Without this one-time benefit, the effective tax rate would have been 38% and income taxes as a percentage of revenues would have been 11.5%. These percentages before the non-recurring benefit are consistent with the effective tax rate (39%) and income taxes as a percentage of revenues (11.5%) reported in the year ago period.

Income taxes for the first half of fiscal 2000 were $6.5 million, $800,000 higher than the comparable amount in fiscal 1999. Included in the fiscal 2000 amount was a non-recurring tax benefit of $1.1 million. Without this one-time benefit, the effective tax rate would have been 39% in both periods.

Liquidity

For the six months ended February 29, 2000, cash generated by operating activities totaled 12% of total assets or $13.2 million compared to $14.8 million in the year earlier period. This $1.6 million decline was the result of an increased receivable from clients and clearing brokers, the timing of income tax payments offset by higher accounts payable and accrued expenses, and by higher depreciation and amortization expenses.

Capital Expenditures

The Company's capital expenditures totaled $7.2 million for the first half of fiscal 2000. These capital expenditures were related primarily to purchases of computer and communications equipment, including an upgrade to the communications system currently in place. During the first six months of fiscal 2000, enhancements were made to the mainframe system, including a CPU upgrade. Disk storage capacity increased approximately 40% to 3.4 terabytes. In addition, a new computer integration phone system was purchased, allowing for more efficient servicing of incoming client calls.

Financing Operations and Capital Needs

At quarter end, cash, cash equivalents and investments represented 54% or nearly $61 million of the Company's total assets. All of the Company's capital and operating expense requirements have been financed by cash from operations. The Company has no outstanding indebtedness.

Revolving Credit Facilities

The Company is a party to two revolving credit facilities totaling $25 million for working capital and general corporate purposes. The Company has not drawn on either facility and has no present plans to utilize any portion of the available credit.

Forward-Looking Factors

CASH DIVIDEND

On January 13, 2000, the Company announced that its Board of Directors approved a two-for-one stock split of the Company's shares of Common Stock and declared a regular quarterly cash dividend of $0.03. The two-for-one stock split occurred on February 4, 2000 to Common Stockholders of record at the close of business on January 21, 2000. The regular quarterly cash dividend was paid on March 21, 2000 to Common Stockholders of record at the close of business on February 29, 2000. Shares of common stock and related amounts give retroactive effect to the 2-for-1 stock split, effected as a stock dividend.

RECENT MARKET TRENDS

In the ordinary course of business, the Company is exposed to financial risks involving equity, foreign currency markets, and interest rates.

Throughout the past three fiscal years, the U.S. and European equity markets have achieved record highs. Traditionally, there has been little correlation between results of the Company's operations and the performance of global equity markets. Nevertheless, a decline in the various worldwide markets could negatively impact a large number of the Company's clients (investment management firms and investment banks) and increase the probability of personnel reductions among FactSet's existing and potential clients.

The fair market value of the Company's investment portfolio at February 29, 2000 was $27.3 million. The fair market value of the portfolio is impacted by fluctuations in interest rates. The portfolio of fixed income investments is managed to preserve principal. Under the investment guidelines established by the Company, third-party managers construct portfolios to achieve high levels of credit quality, liquidity, and diversification. The weighted average duration of short-term investments included in the Company's portfolios is not to exceed 18 months. Investments such as puts, calls, strips, short sales, straddles, options, futures, or investments on margin are not permitted by the Company's investment guidelines. For these reasons, in addition to the fact that the Company has no outstanding debt, financial exposure to changes in interest rates is expected to continue to be minimal.

All investments are held in U.S. dollars and approximately 95% of the Company's revenues are earned in U.S. dollars. As a result, exposure to movements in foreign currency prices is expected to continue to be insignificant.

Income Taxes

The effective tax rate for the second quarter of fiscal 2000 was 27% including the impact of a non-recurring tax benefit of $1.1 million. Without this one-time benefit, the effective rate would have been 38%, a 3% reduction from 41% reported in the first quarter of fiscal 2000. For the remaining quarters of fiscal 2000, the effective tax rate is expected to range between 38% and 39%.

In the normal course of business, the Company's tax filings are subject to audit by federal and state tax authorities. Audits by two taxing authorities are currently ongoing. There is inherent uncertainty contained in the audit process but the Company has no reason to believe that such audits will result in additional tax payments that would have a material adverse effect on its results of operation or financial position.

YEAR 2000

Nearly all companies have been confronted with business risks associated with the Year 2000 ("Y2K") because many computer hardware systems and software programs use only two digits to indicate a year. The Y2K issue extends beyond the Company's internal back-office systems to its mainframe centers and related application programs that support the entire client base.

The Company has been operating successfully in the first three months of calendar 2000. Regular usage of its mainframe centers and software application programs has been ongoing. Internal back-office systems have experienced normal use and functionality. No material Y2K problems have been noted through March 31, 2000.

The Company's State of Readiness

Three broad areas were identified as potential concerns for Y2K-related problems. They were (1) the FactSet online system, (2) FactSet's internal infrastructure and (3) client remediation efforts related to Y2K.

The FactSet Online System

The FactSet online system universally accepts four-digit years wherever a year specification can be made. All source code was scrutinized to ensure that wherever dates can be manipulated, those dates beyond the Year 2000 are being handled properly. Quality testing has also been completed on all online applications to test for compliance problems. The FactSet online system continued to function properly throughout the Year 2000 transition.

Databases on the online system contain information received from over 30 database vendors. Most of FactSet's databases now have information dated after January 1, 2000 and in the upcoming weeks and months, the remaining databases will receive their first wave of 2000 data. The timing of this for each database is a function of the periodicity of time series question. E.g. daily, monthly, yearly. No material Y2K issues have occurred to date. Data from vendors continues to be monitored and reviewed for Y2K compliance.

Internal Infrastructure

FactSet is dependent upon several external systems that are a critical part of its infrastructure. These systems include but are not limited to: the mainframe systems, phone systems, accounting and payroll systems, and physical plant systems such as heating, air conditioning, and utilities. To date, there has been no failure or interruption to these systems in the Year 2000.

Client Remediation Efforts

The flexibility of the FactSet system provides its users the opportunity to create customized "models." These "models" can take the form of private databases, formulas, or universal screens. Users can program their use of FactSet much in the same way a programmer utilizes a programming language. The compliance of a programming language does not necessarily insure the compliance of all the programs written in that language. Some of FactSet's most sophisticated clients have thousands of proprietary models on the FactSet mainframes. A certain amount of remediation effort must still be undertaken by the Company's client base, regardless of what FactSet does to provide a seamless Y2K transition. FactSet has proactively facilitated the remediation process of its users. A testbed of Y2K data and a Y2K auditor application was released. Regular client usage of the FactSet system, including client "models" interfacing with the Company's mainframe centers and software application programs, has been ongoing since January 2000. No significant Y2K-related issues have resulted. Not all existing client "models" have been uploaded or accessed by clients in the first three months of 2000. Y2K compliance of client "models" continues to be monitored by the Company.

The Costs to Address Year 2000

Costs relating to Y2K projects principally relate to salaries of FactSet employees and are not incremental to recurring operating expenses. Internal costs incurred are not separately tracked or recorded. The total estimated internal costs incurred to prepare all FactSet systems to be Y2K compliant was approximately $3 million and was incurred primarily in fiscal years 1999 and 2000. Any future costs incurred are expected to be immaterial to results of operations.

Risks of Year 2000

The failure to correct a material Y2K problem could result in an interruption in, or a failure of, certain normal business activities. The Company has experienced normal operations during 2000, and to date, no material Y2K issues have been noted. Monitoring Y2K compliance continues in the areas of database transmissions and client remediation efforts. Although the Company believes its Y2K efforts have been and will continue to be successful, any failure or delay to address Y2K issues arising in the future could result in a major disruption of its business, damage to the Company's reputation, and a material adverse change in its results of operations, cash flows, and financial position.

Forward-Looking Statements

This Management's Discussion and Analysis contains forward-looking statements that are based on management's current expectations and beliefs. The phrases "commitments", "will be", "is likely", "will account", "could negatively", "likelihood", "may incorrectly", "may result", "believes", "is expected", "may make", "will continue", "are anticipated", "may depend", "should continue", "could result", "will have", "is not expected", "believes that", are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions which are difficult to predict ("future factors"). Therefore, actual results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements as a result of new information, future events, or otherwise.

Future factors include the ability to hire qualified personnel; maintenance of the Company's leading technological position; the impact of global market trends on the Company's revenue growth rate and future results of operations; the success of the Y2K compliance activities; the negotiation of contract terms supporting new and existing databases; the successful resolution of ongoing audits by tax authorities; the continued employment of key personnel; the absence of U.S. or foreign governmental regulation restricting international business; and the sustainability of historical levels of profitability and growth rates in cash flow generation.

Part II OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 2. Changes in Securities: None

Item 3. Defaults Upon Senior Securities: None

Item 4. Submission of Matters to a Vote of Security Holders:

The Annual Meeting of Shareholders of FactSet Research Systems Inc. was held on January 13, 2000.

1. Two nominees to the Board of Directors were elected:

Director	Term	For	Not For	Abstain
Walter F. Siebecker	3 yrs.	14,406,592	90,465	-
Howard E. Wille	3 yrs.	14,416,242	80,815	-

2. The appointment of PricewaterhouseCoopers LLP as independent public accountants of the Company was ratified:

For	14,373,325
Not for	5,725
Abstain	118,007

3. The adoption of the 2000 Employee Stock Option Plan was ratified:

For	10,250,895
Not for	3,010,041
Abstain	128,251
Broker no-vote	1,107,870

Item 5. Other Information: None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
Exhibit Number

3.1.....................................Restated Certificate of Incorporation(1)
3.2...By-laws(1)
4.1..Form of Common Stock(1)
10.1.......................... .Form of Employment Agreement between the Company and Howard E. Wille and Charles J. Snyder(1)
10.2...............Letter of Agreement between the Company and Ernest S. Wong(1)
10.31.................Amendment to 364-Day Credit Agreement, dated April 3, 2000
10.32..Three Year Credit Agreement(2)
27...Financial Data Schedules

(1)Incorporated by reference to the Company's Registration Statement on Form S-1 (File No.333-4238)

(2)Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the first quarter of fiscal year 1999.

(b) Reports on Form 8-K: None

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FACTSET RESEARCH SYSTEMS INC.

Date: April 14, 2000   BY: /s/ ERNEST S. WONG
Ernest S. Wong,
Senior Vice President, Chief Financial Officer
and Secretary

SECOND AMENDMENT TO 364-DAY CREDIT AGREEMENT

This Second Amendment to 364-Day Credit Agreement (the "Amendment"), dated as of April 3, 2000, is between (i) FactSet Research Systems, Inc. (the "Borrower"), and (ii) The Chase Manhattan Bank (the "Bank").

WHEREAS, the Borrower and the Bank are parties to a 364-Day Credit Agreement dated as of November 20, 1998 (the "Credit Agreement"); and

WHEREAS, the Bank and the Borrower desire to amend the Credit Agreement to extend the Maturity Date.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable consideration, receipt of which is acknowledged, it is hereby agreed as follows:

Section 1. Definitions, Terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

Section 2. Amendment to Section 1.01. The definition of the term Maturity Date, in Section 1.01 of the Credit Agreement, is hereby amended to read in its entirety as follows:

"Maturity Date" means March 31, 2001.

Section 3. Representations. The Borrower hereby represents and warrants to the Bank that (i) the representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects with the same effect as if made on the date hereof, except to the extent such representations and warranties relate to an earlier date; (ii) before and after giving effect to this Amendment, no Event of Default or Default has occurred and is continuing; and (iii) the making and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate action.

Section 4. Conditions. The amendment set forth in Section 2 above shall become effective on the date first above written provided that the Bank shall have received a counterpart of this Amendment duly executed and delivered by the Borrower.

Section 5. Miscellaneous. Except as specifically amended hereby, the Credit Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. After the date hereof, any reference to "this Agreement", "herein", "hereunder" and similar terms referring to the Credit Agreement shall be deemed to refer to the Credit Agreement as amended hereby. This Amendment (i) shall become effective as of the date first above written, (ii) shall be governed by and construed in accordance with the laws of the State of New York, and (iii) may be executed in counterpart (and by different parties hereto on different counterparts), each of which when taken together shall constitute a single contract. Should any terms or provisions of the Credit Agreement conflict with the terms and provisions contained in this Amendment, the terms and provisions of this Amendment shall prevail

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Amendment as of the day and year first above written.

FACTSET RESEARCH SYSTEMS INC.	THE CHASE MANHATTAN BANK
By: ______________________________	By: ___________________________
Its: _____________________________	Its: __________________________

Exhibit 27

This schedule contains summary financial information extracted from FactSet Research Systems Inc. consolidated statement of financial condition, consolidated statement of income, and consolidated statement of cash flows for the period ending February 28, 1999, and is qualified in its entirety by reference to such financial statements.

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FactSet Research Systems Inc.
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6-MOS
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FEB-29-2000
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12,840
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0
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12,840
.40
.37

FOR PURPOSES OF THIS STATEMENT, PRIMARY MEANS BASIC.