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

Form 10-K

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED AUGUST 31, 2001

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR TRANSITION PERIOD FROM ________ TO ________

Commission File Number: 1-11869

FACTSET RESEARCH SYSTEMS INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-3362547 (I.R.S. Employer Identification No.)
One Greenwich Plaza, Greenwich, Connecticut (Address of principal executive office)	06830 (Zip Code)
Registrant’s telephone number, including area code:	(203) 863-1500

Securities registered pursuant to Section 12(b) of the Act: Common Stock
Name of each exchange on which registered: New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None

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 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 For 10-K. |_|

The aggregate market value of the common stock held by non-affiliates of the registrant as of November 9, 2001 was $519,721,906.

The number of shares outstanding of the registrant’s common stock as of November 9, 2001 was 33,460,896.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the fiscal year ended August 31, 2001 into Parts I and II.
Portions of the definitive Proxy Statement dated November 20, 2001 into Part III.

FACTSET RESEARCH SYSTEMS INC.

Form 10–K

For The Fiscal Year Ended August 31, 2001

Part I

PART I

ITEM 1. BUSINESS

FactSet Research Systems Inc. (the "Company" or "FactSet") supplies financial intelligence to the global investment community. The Company combines more than 100 databases, including data from tens of thousands of companies as well as multiple stock markets, research firms and governments, into a single online source of information and analytics.

While obtaining financial information from over 50 database suppliers, FactSet also seeks to maintain contractual relationships with a minimum of two database providers for each type of financial data, when possible. Database supplier contracts are generally renewable annually and may often be terminated on one year's notice. Several of the database suppliers are in direct competition with each other and in some cases, with FactSet. Fees for data are either billed directly to FactSet or its clients. Data charges billed to the Company are on a fixed or royalty (per client) fee basis.

Through FactSet's exclusive proprietary communication and software tools, clients obtain access to the Company's mainframe centers and its aggregated data library using a private wide area network. This secure and reliable network provides a direct, high-speed data transmission link between the Company's mainframes and the client's personal computers or computer network. For an annual subscription fee, clients acquire use of the private wide area network allowing access to the FactSet system.

An integral part of FactSet's strategy to maintain long-term client relations, involves consulting, training and technical support. The Company established a new call center system, including such services as skill-based call routing, to help consultants aid clients more efficiently. The Company also recently installed a new customer relationship management system. Using this system, the Company's consulting and sales teams gain improved intelligence about client activities and are able to develop better tools to service them. Clients are also encouraged to participate in a myriad of training programs, conducted either at the client's location or a FactSet office. Along with technical support available around the clock, this training is designed to give clients a comprehensive understanding of FactSet's service.

The financial information services industry, containing both large and well-capitalized companies, as well as smaller, niche firms, is a competitive market recognized for its continuous significant technological advances. International and domestic competitors include market data suppliers, news and information providers and many of the database providers that supply the Company with financial data included in the FactSet system. International competitors include Datastream, owned by The Thomson Corporation, and RIMES. Domestic competitors include online, CD-ROM, and Internet database suppliers and integrators such as The Thomson Corporation, FAME, COMPUSTAT, a product of Standard & Poors, a division of The McGraw-Hill Companies, and Multex.com Inc. Several of these competitors offer products or services similar to those provided by FactSet and in some cases at a lower price.

The Company believes that it has become essential for financial professionals to be able to access data from multiple sources which they can combine and download into spreadsheets in order to analyze the information. During fiscal 2001, FactSet made great strides in expanding its current and new services to clients. SPAR (Style, Performance and Risk), which was introduced in fiscal 2000, gained considerable market leverage in fiscal 2001. SPAR allows portfolio managers to analyze the style, performance and risk of selected portfolios, benchmarks and competitor funds. In addition, the Company updated Portfolio Analysis in fiscal 2001 and added transaction-based returns analysis to the application. The Company also broadened its global content by adding more economic data and regional fundamental data, particularly on companies based in Latin America and the Far East. During fiscal 2001, FactSet added share ownership data through its acquisition of the LionShares data. The share ownership applications allow users to access company and ownership details, ownership statistics, ownership analysis and investor region analysis for companies whose shares are publicly traded.

In July 2001, the Company completed its acquisition of a new data center in Manchester, New Hampshire, along with its associated lease, from Vitts Networks, Inc. The 12,750 square foot state-of-the-art facility includes 7,500 square feet of conditioned data center space. The new facility has the size, redundancy and flexibility to host the next generation of FactSet's online services, with a greater level of security and reliability than the Company had previously been able to offer to its clients. The Company expects to begin operations in Manchester in late November 2001, at which time FactSet's New York City data center will be closed and converted to conventional offices.

The number of employees of FactSet and its subsidiaries totaled 612 as of August 31, 2001, compared to 432 at August 31, 2000.

Additional information with respect to the Company's business is included in FactSet's fiscal year 2001 Annual Report to Stockholders incorporated herein by reference:

Five-Year Summary of Selected Financial Data	page 8
Management's Discussion and Analysis of Financial Condition and Results of Operations	pages 9-12
Note 1 to Consolidated Financial Statements entitled "Organization and Nature of Business"	page 20
Note 11 to Consolidated Financial Statements entitled "Net Capital"	page 25
Note 14 to Consolidated Financial Statements entitled "Segments"	pages 28-30

ITEM 2. PROPERTIES

Refer to footnote 12 "Lease Commitments" on page 25 of FactSet's fiscal year 2001 Annual Report to Stockholders for properties information.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 2001.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The following information included in FactSet's fiscal year 2001 Annual Report to Stockholders is incorporated herein by reference:

Management's Discussion and Analysis – Forward-Looking Factors entitled "Dividend Payment"	page 12
Note 3 to Consolidated Financial Statements entitled "Common Stock and Earnings Per Share"	page 22
Quarterly Financial Data, Common Stock and Quarterly Stock Prices	pages 32

ITEM 6. SELECTED FINANCIAL DATA

Refer to the Five-Year Summary of Selected Financial Data included on page 8 of FactSet's fiscal year 2001 Annual Report to Stockholders, which is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Refer to the Management's Discussion and Analysis of Financial Condition and Results of Operation (the "Management's Discussion and Analysis") included on pages 9 through 12 of FactSet's fiscal year 2001 Annual Report to Stockholders, which is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Refer to the Management's Discussion and Analysis – Forward-Looking Factors entitled "Market Sensitivities" included on page 12 of FactSet's fiscal year 2001 Annual Report to Stockholders, which is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to the following information included in FactSet's fiscal year 2001 Annual Report to Stockholders, which is incorporated herein by reference:

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

Back to Table of Contents

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Directors and Executive Officers of FactSet Research Systems Inc. as of November 20, 2001 were as follows:

Name	Age	Position with the Company
Philip A. Hadley	39	Chairman of the Board of Directors, Chief Executive Officer and Director (1)
Charles J. Snyder	59	Vice Chairman of the Board of Directors and Director
Michael F. DiChristina	39	President, Chief Operating Officer and Director
Townsend Thomas	38	Senior Vice President and Chief Technology Officer (2)
Michael D. Frankenfield	37	Senior Vice President and Director of Sales and Marketing (3)
Ernest S. Wong	47	Senior Vice President, Chief Financial Officer and Secretary
Scott A. Billeadeau	40	Director
John D. Connolly	58	Director
Joseph E. Laird, Jr.	56	Director
John C. Mickle	75	Director
Walter F. Siebecker	60	Director
Howard E. Wille	73	Director

(1) As of September 5, 2000, Mr. Hadley assumed the role of Chairman of the Board of Directors and Chief Executive Officer.

(2) As of September 1, 2001, Mr. Thomas assumed the role of Senior Vice President and Chief Technology Officer.

(3) As of September 1, 2001, Mr. Frankenfield assumed the role of Senior Vice President and Director of Sales and Marketing.

Philip A. Hadley, Chairman of the Board of Directors, Chief Executive Officer and Director. Mr. Hadley was named Chairman and Chief Executive Officer of the Company on September 5, 2000. Mr. Hadley joined the Company in 1985 within the Consulting Services Group. From 1986 to 1989, Mr. Hadley held the position of Vice President, Sales with the Company. From 1989 to 2000, Mr. Hadley was Senior Vice President and Director of Sales and Marketing with the Company. Prior to joining the Company, Mr. Hadley was employed by Cargill Corporation. Mr. Hadley received a B.B.A. in Accounting from the University of Iowa and is a Chartered Financial Analyst. Mr. Hadley has served on the Board since September 2000. Mr. Hadley serves as the Chairman of the Nominating Committee.

Charles J. Snyder, Vice Chairman of the Board of Directors and Director. Mr. Snyder, a co-founder of FactSet in 1978, retired as President and Chief Technology Officer of the Company on August 31, 1999. At that time he became Vice Chairman of the Board and agreed to continue as a consultant to the Company's engineering and technology groups. In conjunction with the Company's announcement of Howard Wille's retirement as Chief Executive Officer of the Company effective May 22, 2000, Mr. Snyder was named interim Chief Executive Officer of the Company. Mr. Snyder acted as interim Chief Executive Officer of the Company until September 5, 2000, at which time Philip A. Hadley was named Chairman and Chief Executive Officer of the Company. From 1964 to 1977, Mr. Snyder worked for Faulkner, Dawkins & Sullivan, Inc., eventually becoming Director of Computer Research, a position he retained with Shearson Hayden Stone, Inc. after its acquisition of Faulkner, Dawkins & Sullivan, Inc. in 1977. Mr. Snyder has been a Director of the Company since its formation in 1978. Mr. Snyder is a member of the Nominating Committee.

Michael F. DiChristina, President, Chief Operating Officer and Director. Mr. DiChristina joined the Company in 1986 as a Software Engineer and held the position of Director of Software Engineering from 1990 to 1999. Prior to joining the Company, Mr. DiChristina was a Software Engineer at Morgan Stanley & Co. Mr. DiChristina received a B.S. in Electrical Engineering from Massachusetts Institute of Technology. Mr. DiChristina has served on the Board since March 2000.

Townsend Thomas, Senior Vice President and Chief Technology Officer. Mr. Thomas joined the Company in 1985 as a Software Engineer and held the position of Director of Systems Engineering from 1990 to 1999. From 1999 until he assumed his current role, Mr. Thomas was the Director of Engineering and Chief Technology Officer. Mr. Thomas received a B.S. in Electrical Engineering from Massachusetts Institute of Technology.

Michael D. Frankenfield, Senior Vice President and Director of Sales and Marketing. Mr. Frankenfield joined the Company in 1989 within the Consulting Services Group. From 1990 to 1994, Mr. Frankenfield held the position of Vice President, Sales with the Company. From 1995 to 2000 Mr. Frankenfield was Director of Investment Banking Sales with the Company. From 2000 until he assumed his current role, Mr. Frankenfield was Director of Sales. Mr. Frankenfield received a B.A. in Economics and International Relations from the University of Pennsylvania and is a Chartered Financial Analyst.

Ernest S. Wong, Senior Vice President, Chief Financial Officer and Secretary. Mr. Wong joined the Company in his current position in June 1996. Between 1991 and 1996, he held several positions with Montedison SpA, including Vice President, Finance and Treasurer of Montedison USA, Inc. and Director of Corporate Finance of Montedison Corporation of America. From 1988 to 1991, he was Vice President in the North American Banking Group of The First National Bank of Chicago, and prior to that time served as Manager of Domestic Finance at PepsiCo, Inc. and Second Vice President in the Corporate Bank of The Chase Manhattan Bank. Mr. Wong received a B.A. in Psychology from Cornell University and an M.B.A. in Finance from Columbia University Graduate School of Business.

Scott A. Billeadeau, Director. Mr. Billeadeau is a Senior Vice President and Senior Portfolio Manager with Paladin Investment Associates, LLC (Formerly Investment Advisers, Inc.). Prior to joining Paladin, Mr. Billeadeau managed all the small-cap and mid-cap assets for TradeStreet Investment Associates, the investment management subsidiary of Bank of America. Mr. Billeadeau began his career in 1985 with American Express Financial Advisers, previously IDS Financial Services, Inc., where he was a quantitative analyst. Mr. Billeadeau received a degree in Economics from Princeton University and is a Chartered Financial Analyst. Mr. Billeadeau has served on the Board since January 2001.

John D. Connolly, Director. Mr. Connolly is an experienced investment professional with a long career in the financial services industry. He retired as a Principal/Partner and Portfolio Manager with Miller Anderson & Sherrerd, serving that firm from 1990 to 1998. From 1984 to 1990, Mr. Connolly served as a Senior Vice President, Chief Investment Strategist for Dean Witter Reynolds. Prior to joining Dean Witter, he held the position of Senior Vice President, Director of Research at Shearson/American Express. Mr. Connolly has also held various senior positions with E.F. Hutton; White Weld; Faulkner, Dawkins & Sullivan, Inc.; National Securities & Research; and Citibank. Mr. Connolly is a member of the Audit Committee and has served on the Board since January 1999. His current Board term expires in concurrence with the Annual Meeting of Stockholders for fiscal 2001. Mr. Connolly is retiring from the Board and is not nominated for re-election. His retirement will be effective on the day of the Annual Meeting of Stockholders for fiscal 2001.

Joseph E. Laird, Jr., Director. Mr. Laird serves as Chairman and Chief Executive Officer of Laird Squared LLC, an investment banking company that he formed in January 1999, exclusively to serve the database information services industry. From 1989 to 1999, Mr. Laird was a Managing Director of Veronis, Suhler & Associates, a leading specialty merchant bank that serves the media and information industries. From 1982 to 1989, he was an institutional equity salesman and a senior securities analyst of database information services for Hambrecht & Quist. From 1975 to 1982, Mr. Laird was an institutional equity salesman and investment strategist for PaineWebber Mitchell Hutchins. Mr. Laird is also a director of The Advisory Board Company, which specializes in best practices research and analysis related to the management of companies in the health care industry. Mr. Laird is the Chairman of the Compensation Committee, a member of the Nominating Committee and has served on the Board since 1993.

John C. Mickle, Director. Mr. Mickle has been President of Sullivan, Morrissey & Mickle Capital Management Corporation since 1978. Mr. Mickle is an experienced investment advisor, having held prior positions with Shearson Hayden Stone, Inc.; UBS-DB Corporation; and Faulkner, Dawkins & Sullivan, Inc. Mr. Mickle is also a director of Mickelberry Communications Inc. Mr. Mickle is the Chairman of the Audit Committee and has served on the Board since November 1997.

Walter F. Siebecker, Director. Mr. Siebecker is a managing director of the Depository Trust and Clearing Corporation ("DTC"). He joined the National Securities Clearing Corporation ("NSCC"), a subsidiary of DTC, in 1996 as a Managing Director in charge of the organization's Annuity Processing Service. Mr. Siebecker's background is in retail and institutional investment services in the domestic and global markets. Prior to joining NSCC, Mr. Siebecker was a consultant to the Trading Services Division at Lehman Brothers and spent 16 years at Salomon Smith Barney Inc., where he was responsible for the Operations Division as Executive Vice President and Chief Operations Officer. Mr. Siebecker is a member of the Audit Committee and has served on the Board since November 1997.

Howard E. Wille, Director. Mr. Wille was a founder of the Company in 1978 and held the position of Chief Executive Officer from that time until May 22, 2000, the date on which he retired from active employment with the Company. Mr. Wille continued to serve as the non-executive Chairman of the Board of the Company until August 31, 2000. From 1966 to 1977, Mr. Wille was a Partner and Director of Research at Faulkner, Dawkins & Sullivan, Inc., a Wall Street investment firm, and held a managerial position with Shearson Hayden Stone, Inc. after its acquisition of Faulkner, Dawkins & Sullivan, Inc. in 1977. He was President and Chief Investment Officer of Piedmont Advisory Corporation from 1961 to 1966 and, prior to that time served as a securities analyst, investment manager and investment counselor for several firms. Mr. Wille has been a Director of the Company since its formation in 1978.

The information set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" contained on pages 5 through 6 of the definitive Proxy Statement dated November 20, 2001 is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the captions "Information Regarding Named Executive Officer Compensation" and "Compensation Pursuant to Stock

Options" contained on pages 7 and 8 of the definitive Proxy Statement dated November 20, 2001 is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the caption "Information Regarding Beneficial Ownership of Principal Stockholders, Directors and Management" contained on page 6 of the definitive Proxy Statement dated November 20, 2001 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the caption "Information Regarding the Board of Directors and Related Committees" on pages 1 through 3 and under the caption "Employment Agreements" on pages 10 through 11 of the definitive Proxy Statement dated November 20, 2001 is incorporated herein by reference.

Back to Table of Contents

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

The following information from FactSet Research Systems Inc.'s fiscal year 2001 Annual Report to Stockholders is incorporated by reference under Items 1, 2, 5, 6, 7, 7A, and 8 and are filed as part of this report as part of Exhibit 13.1:

Five-Year Summary of Selected Financial Data	page 8
Management's Discussion and Analysis	pages 9-12
Consolidated Statements of Income	page 13
Consolidated Statements of Financial Condition	pages 14-15
Consolidated Statements of Changes in Stockholders' Equity	pages 16-17
Consolidated Statements of Cash Flows	pages 18-19
Notes to Consolidated Financial Statements	pages 20-30
Report of Independent Accountants	page 31
Quarterly Financial Data, Common Stock and Quarterly Stock Prices	page 32

The following information from FactSet Research Systems Inc.'s definitive Proxy Statement dated November 20, 2001 is incorporated by reference under Items 10, 11, 12 and 13:

Information Regarding the Board of Directors and Related Committees	pages 1-3
Section 16(a) Beneficial Ownership Reporting Compliance	pages 5-6
Information Regarding Beneficial Ownership of Principal Stockholders, Directors and Management	page 6
Information Regarding Named Executive Officer Compensation	page 7
Compensation Pursuant to Stock Options	page 8
Employment Agreements	pages 10-11

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of fiscal 2001.

(c) Exhibit Listing

EXHIBIT NUMBER	DESCRIPTION
3.1	Restated Certificate of Incorporation (1)
3.12	Amendment to Restated Certificate of Incorporation
3.2	By-laws (2)
4.1	Form of Common Stock (1)
10.1	Form of Consulting Agreement between the Company and Charles J. Snyder (3)
10.2	Letter of Agreement between the Company and Ernest S. Wong (1)
10.31	Amendment to 364-Day Credit Agreement, dated March 12, 2001 (4)
10.32	Amendment to the Three-Year Credit Agreement
10.33	Retirement Agreement between the Company and Howard E. Wille (2)
10.4	The FactSet Research Systems Inc. 1994 Stock Option Plan and 1996 Stock Option Plan (6)
10.5	The FactSet Research Systems Inc. Non-Employee Directors' Stock Option Plan (7)

10.6	The FactSet Research Systems Inc. 2000 Stock Option Plan (8)
10.7	The FactSet Research Systems Inc. 2001 Employee Stock Purchase Plan (9)
13.1	The Company's fiscal 2001 Annual Report to Stockholders
21	Subsidiaries of the Company
23	Consent of PricewaterhouseCoopers LLP

(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 third quarter of fiscal year 2000.
(3) Incorporated by reference to the Company's annual report on Form 10-K for the fiscal year 1999.
(4) Incorporated by reference to the Company's quarterly report on Form 10-Q for the second quarter of fiscal year 2001.
(5) Incorporated by reference to the Company's quarterly report on Form 10-Q for the first quarter of fiscal year 1999.
(6) Incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-22319).
(7) Incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-59839).
(8) Incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-56870).
(9) Incorporated by reference to the Company's Registration Statement on Form S-8 (File No. 333-57880).

Back to Table of Contents

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 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Greenwich, State of Connecticut, on November 20, 2001.

FACTSET RESEARCH SYSTEMS INC.

/s/ ERNEST S. WONG
Ernest S. Wong,
Senior Vice President, Chief Financial Officer and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on November 20, 2001.

SIGNATURE	TITLE
/s/ PHILIP A. HADLEY Philip A. Hadley	Chairman of the Board of Directors, Chief Executive Officer and Director
/s/ CHARLES J. SNYDER Charles J. Snyder	Vice Chairman of the Board of Directors and Director
/s/ MICHAEL F. DICHRISTINA Michael F. DiChristina	President, Chief Operating Officer and Director
/s/ TOWNSEND THOMAS Townsend Thomas	Senior Vice President and Chief Technology Officer
/s/ MICHAEL D. FRANKENFIELD Michael D. Frankenfield	Senior Vice President and Director of Sales and Marketing
/s/ ERNEST S. WONG Ernest S. Wong	Senior Vice President, Chief Financial Officer and Secretary
/s/ SCOTT A. BILLEADEAU Scott A. Billeadeau	Director
/s/ JOHN D. CONNOLLY John D. Connolly	Director
/s/ JOSEPH E. LAIRD, JR. Joseph E. Laird, Jr.	Director
/s/ JOHN C. MICKLE John C. Mickle	Director
/s/ WALTER F. SIEBECKER Walter F. Siebecker	Director

/s/ HOWARD E. WILLE Howard E. Wille	Director

Back to Table of Contents

EXHIBIT 3.12

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

FACTSET RESEARCH SYSTEMS INC.

WE, THE UNDERSIGNED, PHILIP A. HADLEY AND ERNEST S. WONG, being the Chairman of the Board of Directors and Chief Executive Officer and Secretary, respectively, of **FACTSET RESEARCH SYSTEMS INC.**, a corporation organized and existing under the General Corporation Law of the State of Delaware (the “Corporation”) do hereby CERTIFY as follows:

1. The name of the corporation is **FACTSET RESEARCH SYSTEMS INC.**

2. The Certificate of Incorporation of the Corporation is hereby amended by deleting the first sentence of Article “FOURTH” in its entirety and substituting in lieu thereof the following:

FOURTH: The Corporation shall have the authority to issue a total of one hundred and ten million (110,000,000) shares of capital stock, consisting of (i) one hundred million (100,000,000) shares of Common Stock, $.01 par value per share, and (ii) ten million (10,000,000) shares of Preferred Stock, $.01 par value per share.

3. The amendment of the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Certificate has been signed and affirmed as true under penalties of perjury by the undersigned on this 13th day of September, 2001.

/s/ Philip A. Hadley
Philip A. Hadley
Chairman and
Chief Executive Officer

Attest:

/s/ Ernest S. Wong
Ernest S. Wong
Secretary

AMENDMENT TO THREE YEAR CREDIT AGREEMENT

This Amendment to Three Year Credit Agreement (the "Amendment"), dated as of July 31, 2001, 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 Three Year 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 November 30, 2004.

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 Agreeement 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.

By: /s/ Ernest S. Wong
Ernest S. Wong
Its: Chief Financial Officer

THE CHASE MANHATTAN BANK

By: /s/ T. David Short
T. David Short
Its: Vice President

FACTSET RESEARCH SYSTEMS

ANNUAL REPORT 2001

FINANCIAL HIGHLIGHTS

Thousands, except percentages and per share data

Years Ended August 31,	**2001**	**2000**	**% Change**
Revenues	$176,688	$134,178	31.7%
Income from operations before retirement bonus	50,903	39,169	30.0%
Income from operations	50,903	36,419	39.8%
Income before income taxes	54,246	$ 39,576	37.1%
Nonrecurring tax benefit	—	1,119	—
Net income	33,401	25,279	32.1%
Per Share Data			
Diluted earnings per common share*	$ 0.96	$ 0.74	29.7%
Diluted earnings per common share before retirement bonus and nonrecurring tax benefit*	$ 0.96	$ 0.75**	28.0%
Dividends declared per common share	$ 0.14	$ 0.12	
Weighted average common shares (diluted)*	34,762	34,390	
Performance Ratios			
Operating margin	28.8%	29.2%***	
Pretax margin	30.7%	29.5%	
Net margin	18.9%	18.8%	
Return on average stockholders' equity	27.7%	28.0%	

* Diluted earnings per share and number of shares outstanding give retroactive effect to the 2-for-1 stock split that occurred on February 4, 2000.
** Excludes nonrecurring retirement bonus of $2.75 million and nonrecurring tax benefit of $1.1 million.
*** Excludes nonrecurring retirement bonus of $2.75 million. Including the retirement bonus, the operating margin was 27.1%

Revenues graph (Fiscal 1997 - Fiscal 2001)

Net Income graph (Fiscal 1997 - Fiscal 2001)

Earnings per Share graph (Fiscal 1997 - Fiscal 2001)

Stockholder's Equity graph (August 31, 1997 - August 31, 2001)

CONTENTS:

FactSet Research Systems Inc. supplies financial intelligence to the global investment community. The company combines more than 100 databases, including data from tens of thousands of companies as well as multiple stock markets, research firms and governments, into a single online source of information and analytics.

Clients have simultaneous access to data from all the sources, which they can combine and download into spreadsheets and analyze using company or custom-built applications.

FactSet is headquartered in Greenwich, Connecticut, and employs more than 600 people in 13 locations in North America, Europe and the Pacific Rim. FactSet was founded in 1978 and trades on the New York Stock Exchange under the symbol FDS.

(PICTURE)

What began nearly a quarter century ago as a small firm producing reports delivered by hand to Wall Street is now a global company offering a sweeping array of financial products and analytical tools at the press of a button. Wherever you go, FactSet is a mainstay on the desktops of most of the largest and most successful financial companies in the world. We bring together more than 100 databases and integrate them to produce essential financial intelligence. Our unique applications free investment managers and bankers from having to gather and collate financial and economic data. This freedom gives our clients more time to analyze the data, which increases their productivity and gives them an edge on the competition.

TO OUR SHAREHOLDERS

FactSet achieved another year of record results in fiscal 2001 despite uncertainty in the global markets. For the 21st consecutive year, our company reported income growth.

Just days after our fiscal year ended on August 31, the United States was attacked by terrorists. Many of our clients, shareholders, suppliers and friends were directly affected, and to them we offer our deepest sympathies.

The September 11 attacks, combined with slowing economic activity around the world, have created a difficult environment for us all. But we remain confident that FactSet will continue to prosper. We concluded fiscal 2001 on a positive note with continued growth in our business, solid financials, a robust product pipeline, unrivaled client service and improvements in productivity and system capacity. We believe these attributes will continue to serve us well in the days ahead.

Financial Performance
Revenues increased 32 percent to $176.7 million in fiscal 2001 and operating income (excluding a one-time charge in fiscal 2000) grew 30 percent to $50.9 million. Before the effects of two nonrecurring items in fiscal 2000, net income in fiscal 2001 rose by 29 percent to $33.4 million while diluted earnings per share advanced 28 percent to $0.96. Return on equity was a healthy 28 percent.

Net cash provided from operating activities was $49.6 million, up from $30.6 million in the prior year. The balance sheet ended the year with no debt and $79 million in cash and investments.

Operating Review
Demand for our services increased throughout fiscal 2001, both from existing clients as well as new ones. We added 89 net new clients, raising the total to 834, and increasing the number of workstations to 25,500. In addition, we opened an office in Frankfurt, Germany and have just opened one in Chicago.

Commitments stood at $195 million at fiscal year end, marking an increase of $36.5 million over the prior year. This translates to an average commitment of $234,000 per client, up from an average of $213,000 at the end of fiscal 2000. “Commitments” at any given point in time represent the forward-looking revenues for the next 12 months from all services currently being supplied to clients.

Investment managers continued to exhibit solid demand for our sophisticated analytic tools with the net workstation count climbing steadily throughout the year. Investment banking commitments also expanded in fiscal 2001, despite consolidations and a slowdown in the industry. While near-term growth in this market is likely to pose additional challenges, we are confident that our core users will continue to rely heavily on our applications.

Internationally, we had another successful year, despite slowing growth in the second half. Total international revenues increased 51 percent to $33.7 million. Revenues from our European and Pacific Rim operations rose 57 and 35 percent, respectively, due in part to further penetration and a changing product mix with increasing appeal to global investors.

(picture)	(picture)
Philip A. Hadley Chairman and Chief Executive Officer	Michael F. DiChristina President and Chief Operating Officer

Product Innovation
The year was marked by numerous enhancements and new products aimed at improving our clients’ work flow.

Portfolio products were in heavy demand with some 250 clients, representing 1,900 users, at fiscal year end. Our portfolio returns product, SPAR (Style, Performance and Risk), which we launched in 2000, gained considerable market leverage. SPAR allows portfolio managers to analyze the style, performance and risk of selected portfolios, benchmarks and competitor funds.

We introduced an updated version of Portfolio Analysis that is rich with new features. Rewriting the application allowed us to add a transaction-based returns analysis, which we have just released. We anticipate strong additional demand for both these enhancements.

On deck is a web-based application to make it easier for our clients to distribute portfolio content within their own firms. This product will enable portfolio managers to share portfolio reports with various groups through their corporate intranets.

We broadened our global content by adding substantially more economic data as well as regional fundamental data, particularly on companies in Latin America and the Far East. We expanded our library of stock exchange data and other indices to facilitate portfolio benchmark comparisons. Moreover, we rewrote our index viewer applications to allow for the analysis of indices from a top-down perspective, which is how global investors typically use this information. Clients in both Europe and Asia have responded enthusiastically to these new applications.

We also made significant improvements to our publishing tools, which analysts in the investment banking community use to streamline the creation of pitch books and client presentations. We developed a mechanism for research departments to share their analyses with our common buy-side clients. Sell-side analysts increasingly want to make their proprietary models available to buy-side companies who like to receive such information via FactSet so they can integrate the data with other information on our platform. Now they can.

We made progress in creating a repository for investment banking clients to store their "scrubbed" data on FactSet. Investment bankers make adjustments to as-reported data to ensure consistency across their models. By warehousing this adjusted data on our computers, they can integrate and analyze their proprietary information with the wealth of other data on the FactSet system.

Another important development this past year was the addition of share ownership data through the acquisition of LionShares. This information is used extensively by analysts for comparative analysis and by institutional sales professionals for business development. The ownership data is also important in enabling portfolio managers to compare their own portfolio holdings to peer funds.

Client Service
We continued to add staff to our Consulting group worldwide in order to improve further our renowned service and to allow us to reassign experienced staff to other roles in the company. We established a new call center system to help our Consultants service clients more quickly and to introduce such services as skills-based call routing. In the training group, we increasingly used Web technologies to offer e-learning programs to clients.

Key Investments
Investments in growth continued in fiscal 2001. We rolled out a customer relationship management system to give our sales and marketing team better intelligence about client activities and better tools to service clients. We acquired a state-of-the-art data center in New Hampshire that will be the new home for our New York City data center, while giving us additional capacity to expand. We also purchased six Wildfire mainframe systems to complete the upgrade to Compaq's next-generation technology.

Hidden Assets
Hidden between the lines of our financial results is our greatest asset: our intelligent, hardworking, diverse workforce, which is second to none in the industry. We are particularly proud of our high employee retention rate. That gives us more than 20 years of accumulated intellectual capital when competing with others in our industry. Our employees' dedication is what makes our product unique in the marketplace and what gives us the ability continually to provide improved, innovative solutions for our clients.

Looking Ahead
Despite the events of September and the uncertainties of the new world in which we now find ourselves, we remain confident that demand for our range of financial information and the unparalleled ability to analyze it will continue to be an essential part of the investment community's toolkit. If anything, the demand for good financial intelligence is even more important now.

So, in the year ahead we plan to focus on what we do best. We'll continue to demonstrate the power of FactSet to clients and prospects and teach them how to use our products to enhance their investment process. We'll develop more innovative products that will solidify our base and extend our reach. We'll engineer solutions clients can rely on to run their businesses. We'll continue to build infrastructure to support our business today and for the future.

Finally, we'd like to thank our colleagues here at FactSet for their energy and talent, our clients for their trust and guidance, and our business associates for their contributions and assistance. We also want to thank you, our shareholders, who invest in our company, and believe in its sense of mission and its continued success. We appreciate your support and look forward to keeping you informed of the many developments that lie ahead.

/s/Philip A. Hadley	/s/Michael F. DiChristina
Philip A. Hadley Chairman and Chief Executive Officer	Michael F. DiChristina President and Chief Operating Officer

These may be volatile times in the world's markets but we remain optimistic that the need for dependable information quickly accessed and analyzed will be more important than ever to the financial community we serve. We remain steadfast in the faith we have in our business model: to provide our clients with an unrivaled range of data and analytical tools combined with a support service of consultants available 24/7. The fact that our client retention rate has exceeded 95% year after year is a source of great pride, but not something we take for granted. We are constantly looking for ways to upgrade our service and introduce new products. Many of our ideas come from client feedback on ways to improve our business.

(PICTURE)

FINANCIAL REVIEW

FACTSET RESEARCH SYSTEMS INC.

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Thousands, except per share data

The following section summarizes selected financial information of FactSet Research Systems Inc. Further detail is available in the Company's Form 10-K, filed with the U.S. Securities and Exchange Commission.

Years Ended August 31,	***2001***	***2000***	***1999***	***1998***	***1997***
Revenues	$176,688	$134,178	$103,831	$ 78,911	$ 58,358
Income from operations	50,903	36,419 (2)	28,630	20,883	14,862
Income before income taxes	54,246	39,576 (2)	30,617	22,439	15,733
Net income	33,401	25,279 (3)	18,565	12,851 (1)	8,930
Diluted earnings per common share (4)	$0.96	$0.74 (3)	$0.56	$0.39 (1)	$0.27
Wtd. avg. common shares (diluted) (4)	34,762	34,390	33,302	32,940	32,514
Cash dividends declared per common share	$0.14	$0.12	$0.08	—	—
Total assets	172,551	135,568	103,028	71,496	51,707
Total stockholders' equity	$138,262	$103,002	$ 77,614	$ 51,024	$ 37,627

(1) Includes an extraordinary after-tax gain of $242,000.
(2) Includes a nonrecurring retirement bonus of $2.75 million.
(3) Includes a nonrecurring retirement bonus of $1.7 million (after taxes) and a nonrecurring tax benefit of $1.1 million.
(4) Diluted earnings per share and weighted average number of common shares outstanding give retroactive effect to the 2-for-1 stock split that occurred on February 4, 2000 and the 3-for-2 stock split that occurred on February 5, 1999.

FACTSET RESEARCH SYSTEMS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Revenues

Revenues and commitments in thousands *August 31,*	*2001*	*2000*	*1999*
Revenues			
Domestic	$ 142,992	$ 111,801	$ 88,962
International	$ 33,696	$ 22,377	$ 14,869
Consolidated	$ 176,688	$ 134,178	$ 103,831
	=====	=====	=====
Growth Metrics			
Commitments	$ 194,966	$ 158,472	$ 118,899
Clients	834	745	658
Passwords	25,500	24,500	20,200

Revenues. Consolidated revenues grew 31.7% to a record $176.7 million in fiscal 2001. In fiscal 2000, revenues increased 29.2% to $134.2 million from $103.8 million in fiscal 1999. Revenue growth in fiscal 2001 and 2000 is attributable to additional subscriptions to applications and databases by existing clients, client additions and international expansion.

Demand for the Company's Portfolio Analytics applications by the investment management segment resulted in 250 clients, representing 1,900 users at the end of fiscal 2001 compared to 175 clients, representing 1,300 users at the end of the prior year. Also, during fiscal 2001 and 2000, over 85 net new clients were added each year. Internationally, the Company experienced revenue growth of 50% in both fiscal years.

During fiscal 2001, revenues from international operations rose 50.6% to $33.7 million. Revenues from European operations grew 56.9%; Asia Pacific revenues increased 35.2%. International operations accounted for 19% of consolidated revenues, up from 17% in fiscal 2000. In fiscal 2000, revenues from international operations rose 50.5% to $22.4 million. Revenues from European operations grew 48.5% and the Asia Pacific operations generated a 55.5% increase in revenue. Greater than 95% of the Company's consolidated revenues are collected in U.S. dollars. Net monetary assets held by the Company's overseas offices during fiscal 2001 were not material. Thus, the Company's exposure to foreign currency fluctuations was not significant.

Commitments. Client commitments grew to $195.0 million as of August 31, 2001, an increase of 23% over the past 12 months. In fiscal 2000, commitments rose 33.3% to $158.5 million. At August 31, 2001, the average annual commitment per client was $234,000, an increase from $213,000 and $181,000 for the same periods in fiscal 2000 and 1999, respectively. ("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 a matter of policy, the Company does not seek to enter into written contracts with its clients, and clients are generally free to add to, delete from or terminate service at any time.

More clients, additional services and products directed toward investment managers and the expiration of price discounts given to new and existing clients were the primary contributors to the increase in commitments for both fiscal 2001 and 2000. The Company's acquisition of Innovative Systems Techniques, Inc. ("Insyte") in July 2000 added $3.6 million to commitments for the year ended August 31, 2000. Password additions by existing clients and new services for investment bankers also contributed to commitment growth in fiscal 2000.

Clients. During fiscal 2001, there was a net addition of 89 clients, which resulted in 834 total clients at August 31, 2001. During fiscal 2000, 87 net new clients were added. Client retention for each of fiscal years 2001 and 2000 remained at a rate in excess of 95%.

Passwords. Passwords, which represent the number of FactSet users, increased to 25,500 at August 31, 2001. Passwords at the conclusion of the fiscal years 2000 and 1999 were 24,500 and 20,200, respectively. Slower password growth in fiscal 2001 is primarily attributable to a decrease in investment banking users due to cost reductions and industry consolidation.

Operating Expenses and Net Income
Thousands, except per share data

Years Ended August 31,	*2001*	*2000*	*1999*
Operating Expenses:			
Cost of services	$ 61,576	$ 45,491	$ 37,335
Selling, general and administrative	64,209	49,518	37,866
Retirement bonus	—	2,750	—
Total operating expenses	$125,785	$ 97,759	$ 75,201
	======	=====	=====
Income from operations	$ 50,903	$ 36,419	$ 28,630
Net income	33,401	25,279	18,565
Diluted earnings per common share	$ 0.96	$ 0.74	$ 0.56

Cost of Services. Cost of services grew 35% in fiscal 2001 to $61.6 million, as compared to a 22% increase in fiscal 2000 to $45.5 million. Increases were primarily due to higher employee compensation and benefits, greater clearing fees and additional depreciation and maintenance costs associated with computer-related equipment.

Employee compensation and benefits for the software engineering and consulting groups increased $6.8 million in fiscal 2001 and $4.5 million in fiscal 2000. To support revenue growth levels, employee staff levels in the software engineering and consulting groups grew 41% and 22% in fiscal 2001 and 2000, respectively.

Clearing fees rose $1.4 million in fiscal 2001 and $1.2 million in fiscal 2000. The increases resulted from an increase in the number of clients paying via commission revenues, including greater commission revenues from clients engaged in international trading. Clearing fees on such international transactions are more than double those for domestic trading activities.

Depreciation on computer-related equipment increased $3.1 million in fiscal 2001 and $1.5 million in fiscal 2000. The increase in depreciation expense resulted from the impact of the Company's investment in advanced technology, as well as accelerated depreciation on the replaced equipment. During fiscal 2001, the Company replaced four Compaq Alpha GS 140 systems at each of its data centers with three Compaq GS 320 Wildfire systems, enabling the Company to increase capacity in the data centers by 300% and double system-wide main memory to 768 gigabytes. Accelerated depreciation of approximately $425,000 was recorded in fiscal 2001 when the Compaq Alpha GS140 mainframes were replaced. Increased depreciation expense in fiscal 2000 resulted from computer-related capital spending of $6.8 million which was partially offset by a decrease in depreciation expense caused by computer equipment becoming fully depreciated.

In fiscal 2001, computer maintenance costs grew by $2.5 million largely due to higher third party service levels purchased to support the new mainframe systems as well as the implementation of a customer relationship management software application to support daily activities of the consulting, marketing and sales departments. During fiscal 2000, computer maintenance costs remained relatively flat.

Selling, General and Administrative (SG&A). In fiscal 2001, SG&A grew $14.7 million, an increase of 29.7% from the prior year. In fiscal 2000, SG&A rose 30.8% to $49.5 million. Increases in each year were largely the result of higher employee compensation, travel and entertainment expenses (T&E), rent expense and amortization of leasehold improvements.

Employee compensation and benefits for the sales, product development and various other support departments rose $8.3 million in fiscal 2001. During the fourth quarter of fiscal 2001, management reassessed and lowered its variable compensation growth based upon guidance from the Compensation Committee of the Board of Directors. For fiscal 2000, employee compensation and benefits in the same areas grew $6.5 million. Employee headcount in the sales, product development and various other support departments increased by 43% and 19% in fiscal 2001 and 2000, respectively.

In fiscal 2001, T&E expenses increased $1.7 million. T&E expense rose $1.8 million in fiscal 2000. The T&E increases in both fiscal years largely resulted from more travel by the sales and consulting departments to service an expanding global client base.

Rent expense and amortization of leasehold improvements rose $3.6 million and $1.6 million in fiscal 2001 and fiscal 2000, respectively. Increases were the result of new office space in Chicago, Illinois; Manchester, New Hampshire and Frankfurt, Germany and office expansions in Stamford, Connecticut; New York, New York; Boston, Massachusetts and London, United Kingdom during the past two fiscal years.

Retirement Bonus. Howard E. Wille, co-founder of the Company, retired as Chief Executive Officer and Chairman of the Board at the end of fiscal 2000. Mr. Wille remains a director of the Company. In recognition of his 22 years of service and contribution, the Board of Directors awarded Mr. Wille a retirement bonus resulting in a one-time, pre-tax charge of $2.75 million during fiscal 2000.

Income from Operations. Income from operations increased 39.8% to $50.9 million in fiscal 2001 compared with an increase of 27.2% in fiscal 2000 to $36.4 million. Excluding the charge related to the retirement bonus in fiscal 2000, income from operations in fiscal 2001 increased 30.0% compared to the prior year.

The operating margin for fiscal 2001 was 28.8%, up from 27.1% and 27.6% in fiscal years 2000 and 1999, respectively. The improvement in fiscal 2001 is primarily attributable to the payment of Mr. Wille's retirement bonus as a one-time charge in fiscal 2000. Not including the retirement bonus paid, the operating margin for fiscal 2000 would have been 29.2%, which was 0.4% higher than the 28.8% operating margin for fiscal 2001. Also in fiscal 2001, clearing fees, professional fees and other expenses as a percentage of revenues decreased, which was partially offset by increases in computer maintenance charges and rent expense as a percentage of revenues. The operating margin decline in fiscal 2000 compared to fiscal 1999 was mainly due to the one-time retirement bonus incurred in fiscal 2000 partially offset by a reduction of computer-related depreciation expense, clearing fees and data costs as a percentage of revenues.

For fiscal 2001, the effective tax rate was 38.4%. The effective tax rate in fiscal 2000 was 36.1%. Included in the effective tax rate for fiscal 2000 was a nonrecurring tax benefit of $1.1 million generated by the implementation of new tax planning strategies that also caused prior years' income tax returns to be adjusted. Excluding this one-time benefit, the effective tax rate for fiscal 2000 would have been 38.9%. The decrease in the effective tax rate to 38.4% in fiscal 2001 from 38.9% in fiscal 2000 was largely the result of additional state tax planning strategies.

Net Income and Earnings per Share. Net income in fiscal 2001 rose 32.1% to $33.4 million and diluted earnings per share increased 29.7% to $0.96. Excluding the retirement bonus and nonrecurring tax benefit (see Notes 5 and 10, respectively, to the Consolidated Financial Statements), net income and diluted earnings per share would have advanced 29.2% and 28.0%, respectively. In fiscal 2000, net income grew 39.2% to $25.8 million and diluted earnings per share increased 33.9% to $0.75 excluding the effects of the nonrecurring items discussed above.

Liquidity and Capital Resources
In fiscal 2001, cash generated by operating activities was $49.6 million compared to $30.6 million in fiscal 2000. Improved cash flows from operating activities resulted from higher levels of profitability, increases in non-cash expenses and current taxes payable, decreases in deferred tax assets and a decreasing rate of growth in accounts receivable partially offset by a decrease in accounts payable and accrued expenses.

Capital expenditures in fiscal 2001 totaled $30.1 million and consisted mainly of computer-related equipment purchases. The Company replaced four Alpha GS 140 systems with three Compaq GS 320 Wildfire systems at each of its two data centers, enabling the Company to increase capacity by 300% in each of the data centers and double system-wide main memory to 768 gigabytes. The Company purchased $5.3 million of personal computer-related equipment to support its growing workforce. Also in fiscal 2001, leasehold improvement and furniture and fixture expenditures to support office expansions in North America and Europe totaled $6.0 million.

Cash, cash equivalents and investments totaled $79.3 million and represented 46% of total assets at August 31, 2001. All the Company's operating and capital expenditure requirements were financed entirely from cash generated by the Company's operations. The Company has no outstanding indebtedness.

The Company is a party to two revolving credit facilities totaling $25 million for working capital and general corporate purposes. Approximately $464,000 of the credit facilities is currently utilized for letters of credit issued during the ordinary course of business. The Company has no present plans to utilize any portion of the remaining available credit of approximately $24.5 million.

New Accounting Pronouncements.
In July 2001, the Financial Accounting Standards Board issued Statement No. 141 (SFAS 141), *Business Combinations*, and Statement No. 142 (SFAS 142), *Goodwill and Other Intangible Assets*. The provisions of SFAS No. 141 will be applied to all acquisitions initiated after June 30, 2001. The Company adopted SFAS No. 142 on September 1, 2001 and as a result no longer amortizes goodwill on a periodic basis. The goodwill amortization recorded in fiscal 2001 was approximately $725,000.

In August 2001, the Financial Accounting Standards Board issued Statement No. 144 (SFAS 144), *Accounting for the Impairment or Disposal of Long-lived Assets.* This statement establishes a single accounting model for the impairment of long-lived assets. The Company does not expect the adoption of this standard to have a material effect on its financial condition or results of operations. The Company will adopt this statement as of September 1, 2002.

Forward-Looking Factors

New Data Center Acquisition
On July 31, 2001, the Company announced the acquisition of a new data center, along with its associated lease, from Vitts Networks, Inc. in Manchester, New Hampshire. The Company expects to begin operations in Manchester in November 2001, at which time FactSet's New York City data center will be closed and converted to conventional offices. Although the Company does not anticipate any difficulty in deinstalling, moving and reinstalling the data center equipment, the Company may experience some unforeseeable and temporary effects of the process. The Company expects to incur a $1 million charge in connection with the move of the New York data center to Manchester, New Hampshire to be recognized in the first quarter of fiscal 2002. Included in this charge will be approximately $600,000 of non-cash expenses.

Dividend Payment
On August 15, 2001, the Company announced a regular quarterly dividend of $0.04 per share. The cash dividend was paid on September 21, 2001 to common stockholders of record on August 31, 2001.

Income Taxes
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 in the audit process. Nevertheless, 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 operations or financial position.

Market Sensitivities
In the ordinary course of business, the Company is exposed to financial risks involving equity and foreign currency markets and interest rate fluctuations. Since March 2000, major equity indices (Dow Jones 30 Industrials, Russell 2000, Nasdaq Composite, MSCI European Index) have experienced significant declines and high levels of volatility. There is a potential for a continued global downturn in general economic and market conditions. This decline may be amplified by the economic uncertainty caused by the recent terrorist attacks in the United States and the response of the federal government both domestically and abroad. The Company expects that, in fiscal 2002, economic conditions may prompt some clients to further curtail spending. A prolonged 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 and spending reductions among FactSet's existing and potential clients.

The fair market value of the Company's investment portfolio at August 31, 2001 was $40.7 million. It is anticipated that the fair market value of the Company's investment portfolio will continue to be immaterially affected by fluctuations in interest rates. Preservation of principal is the primary goal of the Company's investment portfolio. Pursuant to the investment guidelines established by the Company, third-party managers construct portfolios to achieve high levels of credit quality, liquidity and diversification. The Company's investment policy dictates that the weighted-average duration of short-term investments is not to exceed 18 months. Investments such as puts, calls, strips, short sales, straddles, options, futures, commodities, precious metals or investments on margin are not permitted by the Company's investment guidelines. Based on the Company's investment policy and its lack of outstanding indebtedness, the Company's direct financial exposure to fluctuations in interest rates is expected to be low.

All the Company's investments are held in U.S. dollars and greater than 95% of the Company's revenues are transacted in U.S. dollars. Accordingly, the Company's exposure to fluctuations in foreign currency rates is expected to continue to be immaterial.

Forward-Looking Statements

This Management's Discussion and Analysis contains forward-looking statements that are based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, product development, market position, commitments and expected expenditures and financial results are forward-looking statements. Forward-looking statements may be identified by words like "anticipates," "commitments," "continue," "could," "expected," "indicates," "intends," "may," "plans," "projects," "should," "will," "would have," and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions ("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 update publicly any forward-looking statements as a result of new information, future events or otherwise.

Future factors include, but are not limited to, the ability to hire qualified personnel; maintenance of the Company's leading technological position; the demand for and acceptance of new and existing products; the impact of global market trends on the Company's revenue growth rate and future results of operations; the negotiation of contract terms supporting new and existing databases; retention of key clients; 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.

FACTSET RESEARCH SYSTEMS INC.

CONSOLIDATED STATEMENTS OF INCOME

Thousands, except per share data

Years Ended August 31,	***2001***	***2000***	***1999***
Subscription Revenues			
Commissions	$ 56,462	$ 47,795	$ 39,982
Cash fees	120,226	86,383	63,849
Total subscription revenues	176,688	134,178	103,831
Expenses			
Cost of services	61,576	45,491	37,335
Selling, general and administrative	64,209	49,518	37,866
Retirement bonus (See Note 5)	—	2,750	—
Total operating expenses	125,785	97,759	75,201
Income from operations	50,903	36,419	28,630
Other income	3,343	3,157	1,987
Income before income taxes	54,246	39,576	30,617
Provision for income taxes	20,845	15,416	12,052
Nonrecurring tax benefit (see Note 10)	—	(1,119)	—
Total provision for income taxes	20,845	14,297	12,052
Net income	$ 33,401	$ 25,279	$ 18,565
Weighted average common shares (basic)	33,074	32,177	30,810
Weighted average common shares (diluted)	34,762	34,390	33,302
Basic earnings per common share	$ 1.01	$ 0.79	$ 0.60
Diluted earnings per common share	$ 0.96	$ 0.74	$ 0.56

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

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Thousands, except share and per share data

Assets ***At August 31,***	***2001***	***2000***
Current Assets		
Cash and cash equivalents	$ 38,583	$ 39,629
Investments	40,722	22,704
Receivables from clients and clearing brokers, net	33,216	28,449
Receivables from employees	620	789
Deferred taxes	5,342	7,365
Other current assets	1,744	937
Total current assets	120,227	99,873
Long-Term Assets		
Property, equipment and leasehold improvements, at cost	90,050	66,637
Less accumulated depreciation and amortization	(54,584)	(45,749)
Property, equipment and leasehold improvements, net (see Note 9)	35,466	20,888
Other Non-Current Assets		
Intangible assets, net	11,894	10,734
Deferred taxes	3,006	2,232
Other assets	1,958	1,841
Total Assets	$ 172,551	$ 135,568

LIABILITIES AND STOCKHOLDERS' EQUITY

Thousands, except share and per share data

Liabilities ***At August 31,***	***2001***	***2000***
Current Liabilities		
Accounts payable and accrued expenses	$ 6,183	$ 9,874
Accrued compensation	10,840	9,576
Deferred fees and commissions	10,869	9,656
Dividends payable	1,334	985
Current taxes payable	4,447	1,854
Total current liabilities	33,673	31,945
Non-Current Liabilities		
Deferred rent	616	621
Total liabilities	34,289	32,566
Lease commitments (see Note 12)		
Stockholders' Equity		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value, 100,000,000 shares authorized, 33,625,819 and 33,075,797 shares issued; 33,356,238 and 32,820,690 shares outstanding at August 31, 2001 and 2000, respectively	334	328
Capital in excess of par value	25,832	19,015
Retained earnings	114,774	86,011
Accumulated other comprehensive income	138	5
	141,078	105,359
Less treasury stock - 269,581 and 255,107 shares at August 31, 2001 and 2000, respectively, at cost	(2,816)	(2,357)
Total stockholders' equity	138,262	103,002
Total Liabilities and Stockholders' Equity	$ 172,551	$ 135,568

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

FACTSET RESEARCH SYSTEMS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Thousands

Years Ended August 31,	*2001*	*2000*	*1999*
Common Stock			
Balance, beginning of year	$ 328	$ 316	$ 296
Common stock issued for employee stock plans (see Note 13)	6	12	20
Balance, end of year	334	328	316
Capital in Excess of Par			
Balance, beginning of year	19,015	14,160	2,933
Common stock issued for employee stock plans	5,593	3,631	3,735
Income tax benefits from stock option exercises	1,224	1,224	7,492
Balance, end of year	25,832	19,015	14,160
Retained Earnings			
Balance, beginning of year	86,011	64,452	48,240
Net income	33,401	25,279	18,565
Dividends	(4,638)	(3,720)	(2,353)
Balance, end of year	114,774	86,011	64,452
Accumulated Other Comprehensive Income			
Balance, beginning of year	5	7	—
Change in unrealized gain on investments, net of income taxes	133	(2)	7
Balance, end of year	138	5	7
Treasury Stock			
Balance, beginning of year	(2,357)	(1,321)	(445)
Repurchase of common stock from employees (see Note 13)	(459)	(1,036)	(876)
Balance, end of year	(2,816)	(2,357)	(1,321)
Total Stockholders' Equity			
Balance, beginning of year	103,002	77,614	51,024
Common stock issued for employee stock plans	5,599	3,643	3,755
Repurchase of common stock from employees	(459)	(1,036)	(876)
Change in unrealized gain on investments, net of income taxes	133	(2)	7
Income tax benefits from stock option exercises	1,224	1,224	7,492
Net income	33,401	25,279	18,565
Dividends	(4,638)	(3,720)	(2,353)
Balance, end of year	$138,262	$103,002	$77,614
Comprehensive Income			
Net income	$ 33,401	$ 25,279	18,565
Change in unrealized gain on investments, net of income taxes	133	(2)	7
Comprehensive income	$ 33,534	$ 25,277	$18,572

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

FACTSET RESEARCH SYSTEMS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Thousands

Years Ended August 31,	*2001*	*2000*	*1999*
Cash Flows from Operating Activities			
Net income	$ 33,401	$ 25,279	$ 18,565
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	16,524	11,865	9,792
Deferred tax expense (benefit)	1,249	(2,098)	(2,938)
Accrued ESOP contribution	1,800	1,300	1,000
Net income adjusted for non-cash items	52,974	36,346	26,419
Changes in assets and liabilities, net of acquired working capital			
Receivables from clients and clearing brokers	(4,767)	(12,506)	(3,638)
Receivables from employees	169	(175)	(81)
Accounts payable and accrued expenses	(3,691)	3,076	1,810
Accrued compensation	764	1,718	1,153
Deferred fees and commissions	1,213	713	2,962
Current taxes payable	2,593	178	(1,991)
Other working capital accounts, net	(872)	(12)	(1,067)
Income tax benefits from stock option exercises	1,224	1,224	7,492
Net cash provided by operating activities	49,607	30,562	33,059
Cash Flows from Investing Activities			
(Purchases) Sales of investments, net	(17,800)	227	(22,923)
Acquisition of business, net of cash acquired (see Note 4)	(2,261)	(9,778)	—
Purchases of property, equipment and leasehold improvements	(30,143)	(11,303)	(16,495)
Net cash used in investing activities	(50,204)	(20,854)	(39,418)
Cash Flows from Financing Activities			
Dividend payments	(4,006)	(3,264)	(1,430)
Repurchase of common stock from employees	(459)	(1,036)	(876)
Proceeds from exercise of stock options	4,016	2,384	2,871
Net cash (used in) provided by financing activities	(449)	(1,916)	565
Net (decrease) increase in cash and cash equivalents	(1,046)	7,792	(5,794)
Cash and cash equivalents at beginning of year	39,629	31,837	37,631
Cash and cash equivalents at end of year	$ 38,583	$ 39,629	$ 31,837

Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for income taxes	$ 19,312	$ 15,952	$ 11,868
Supplemental Disclosure of Non-Cash Transactions			
Dividends declared, not paid	$ 1,334	$ 985	$ 788

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

FACTSET RESEARCH SYSTEMS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2001, 2000, 1999

1. Organization and Nature of Business

FactSet Research Systems Inc. (the "Company") provides online integrated database services to the investment community. The Company's revenues are derived from month-to-month 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 in cash (in which case subscription revenues are recorded as cash fees).

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

FactSet Limited, FactSet GmbH, FactSet Pacific, Inc., and Lionshares Europe S.A.S. are wholly owned subsidiaries of the Company, with operations in London, Frankfurt, Tokyo, Hong Kong, Sydney and Avon (France). The Company acquired Innovative Systems Techniques, Inc. ("Insyte") in fiscal 2000 along with its inactive wholly owned subsidiary, eLumient.com (see Note 4).

2. Accounting Policies

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. Certain prior year amounts have been reclassified to conform to current year presentation.

Cost of services is composed of employee compensation and benefits for the software engineering and consulting groups, clearing fees, data costs, amortization of identifiable intangible assets, 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 goodwill and 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. Significant estimates have been made in areas that include income and other taxes, depreciable lives of fixed assets, accrued liabilities, allowances for doubtful accounts and allocation of purchase price to assets and liabilities acquired. 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 are earned each month, based on one-twelfth of the annual subscription charge quoted to each client. As a matter of policy, the Company does not seek to enter into written contracts with its clients, and clients are generally free to add to, delete from or terminate service at any time.

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 and clearing brokers. 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 fees and commissions.

In December 1999, Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements,* was issued. SAB No. 101 summarizes certain aspects of the SEC's views in applying accounting principles generally accepted in the United States to revenue recognition in financial statements. During fiscal 2001, the Company adopted SAB No. 101. The application of SAB No. 101 resulted in no material impact to the Company's financial condition or results of operations.

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 to execute and settle clients' securities transactions. Clearing fees are recorded when the related subscription revenues recorded as commissions are earned.

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

Investments. Investments have original maturities greater than 90 days, are classified as available-for-sale securities and are reported at fair value. Fair value is determined for most investments from readily available quoted market prices. Unrealized gains and losses on available-for-sale securities are included net of tax in accumulated other comprehensive income in stockholders' equity

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.

Intangibles. Intangible assets consist of goodwill and acquired technology. Amortization of goodwill and acquired technology is calculated on a straight-line basis using estimated useful lives ranging between five and 15 years.

Income and Deferred Taxes. Deferred taxes are determined by calculating the 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.

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.

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 share issued to the Company's employee stock plans. Earnings per share, number of shares outstanding, stock option shares and exercise prices give retroactive effect for all years presented for the 2-for-1 stock split that occurred on February 4, 2000, and for the 3-for-2 stock split that occurred on February 5, 1999. Diluted earnings per share is based on the weighted average number of common shares and potentially dilutive common shares 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. As discussed in Note 13, "Employee Stock Plans," the Company follows the disclosure-only provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. The Company accounts for stock-based compensation plans in accordance with APB Opinion No. 25. Stock option exercise prices equal the fair market value of the Company's stock price on the date of grant. Therefore, no compensation costs are recorded.

New Accounting Pronouncements. In July 2001, the Financial Accounting Standards Board issued Statement No. 141 (SFAS 141), *Business Combinations*, and Statement No. 142 (SFAS 142), *Goodwill and Other Intangible Assets*. The provisions of SFAS No. 141 will be applied to all acquisitions initiated after June 30,

2001. The Company adopted SFAS No. 142 on September 1, 2001 and as a result no longer amortizes goodwill on a periodic basis. The goodwill amortization recorded in fiscal 2001 was approximately $725,000.

In August 2001, the Financial Account Standards Board issued Statement No. 144 (SFAS 144), *Accounting for the Impairment or Disposal of Long-lived Assets*. This statement establishes a single accounting model for the impairment of long-lived assets. The Company does not expect adoption of this standard to have a material effect on its financial condition or results of operations. The Company will adopt this statement on September 1, 2002.

3. Common Stock and Earnings Per Share

Shares of common stock and related per share amounts give retroactive effect for stock splits. A 2-for-1 stock split, effected as a stock dividend, occurred on February 4, 2000. A 3-for-2 stock split, effected as a stock dividend, occurred on February 5, 1999. On August 15, 2001, the Company announced a regular quarterly dividend of $0.04 per share. The cash dividend was paid on September 21, 2001 to common stockholders of record on August 31, 2001. Shares of common stock outstanding were as follows:

Thousands *Years Ended August 31,*	*2001*	*2000*	*1999*
Balance, beginning of year	32,821	31,539	29,020
Common stock issued for employee stock plans (see Note 13)	549	1,311	2,555
Repurchase of common stock	(14)	(29)	(36)
Balance, end of year	33,356	32,821	31,539
	=====	=====	=====

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

Thousands, except per share data	**Net Income (Numerator)**			**Shares (Denominator)**			**Per Share Amount**		
At August 31,	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**	**2001**	**2000**	**1999**
Basic EPS									
Income available to common stockholders	$33,401	$25,279	$18,565	33,074	32,177	30,810	$1.01	$0.79	$0.60
Diluted EPS									
Dilutive effect of stock options				1,688	2,213	2,492			
Income available to common stockholders	$33,401	$25,279	$18,565	34,762	34,390	33,302	$0.96	$0.74	$0.56
	=====	=====	=====	=====	=====	=====	===	===	===

4. Business Combination

On April 30, 2001, the Company acquired the Lionshares business, a division of Worldly Information Network, Inc. ("Worldly") and all the outstanding stock of LionShares Europe S.A.S., a wholly owned subsidiary of Worldly, for $2.3 million in cash. The acquisition facilitated the offering of institutional ownership data to the Company's client base. The acquisition was accounted for as a purchase transaction, and resulted in goodwill of $1.8 million.

On July 31, 2000, the Company acquired all the outstanding stock of Innovative Systems Techniques, Inc. ("Insyte") for $9.8 million in cash. Insyte, a provider of database management and decision support systems, was acquired to enhance the Company's data warehousing service offerings. The acquisition was accounted for as a purchase transaction.

The purchase price of Insyte was allocated to tangible and intangible assets and liabilities based on estimated fair value. The difference between the purchase price and the fair value of tangible and intangible assets less liabilities was recorded as goodwill. A summary of the Insyte purchase price allocation consists of the following:

Thousands	*July 31, 2000*
Tangible assets	$ 499
Acquired technology	1,826
Goodwill	8,975
Tangible liabilities	(790)
Deferred tax liability related to acquired technology	(732)
Purchase price, net of cash acquired	$ 9,778
	====

Operating results of Insyte and Lionshares are included in the Company's financial statements from the date of acquisition. Pro forma statements of income have not been presented because the effect of each acquisition individually and in the aggregate was not material to the Company's consolidated financial results.

5. Retirement Bonus

In May 2000, Howard E. Wille retired as Chief Executive Officer of the Company and on August 31, 2000, he retired as Chairman of the Board. Mr. Wille remains a director of the Company. In recognition of his 22 years of service and contributions to the Company, a retirement bonus was awarded to Mr. Wille during fiscal 2000. This resulted in a one-time, pre-tax charge of $2.75 million in fiscal 2000. This charge was equivalent to a $0.05 after-tax charge per common share in fiscal 2000. The bonus was paid on August 31, 2000.

6. Receivables from Clients and Clearing Brokers

Receivables from clients and clearing brokers consisted of the following:

Thousands *At August 31,*	*2001*	*2000*
Receivables from clients	$ 32,069	$ 26,852
Receivables from clearing brokers	1,147	1,597
	$ 33,216	$ 28,449
	=====	=====

Receivables from clients are reflected net of aggregate allowances for doubtful accounts of $2.16 million and $1.65 million at August 31, 2001 and 2000, respectively.

7. Investments

The Company maintains a portfolio of investments that is managed to preserve principal. Under the investment guidelines established by the Company, third-party managers construct portfolios to achieve liquidity, credit quality and diversification. The weighted average duration of the Company's portfolios are managed to not exceed 18 months. Eligible investments include obligations issued by the U.S. Treasury and other governmental agencies, money market securities and highly rated commercial paper. Investments such as puts, calls, strips, straddles, short sales, futures, options, commodities, precious metals or investments on margin are not permitted under the Company's investment guidelines. All investments are denominated in U.S. dollars and recorded at their approximate fair values.

Investments, classified as available-for-sale securities, totaled $40.7 million in fiscal 2001 and $22.7 million in fiscal 2000.

8. Receivables from Employees

Receivables from employees consist of the following interest-bearing and non-interest-bearing promissory notes and advances to employees of the Company:

Thousands *At August 31,*	*2001*	*2000*
Non-interest-bearing promissory demand notes from and advances to employees	$ 22	$ 63
Interest-bearing demand notes from employees	598	726
	$ 620	$ 789
	=====	=====

The interest-bearing promissory notes due to the Company from its employees accrue at interest rates ranging from 4.5% to 6.5%.

9. Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements consist of the following:

Thousands *At August 31,*	*2001*	*2000*
Computers and related equipment	$ 64,259	$ 46,673
Leasehold improvements	14,937	11,105
Furniture, fixtures and other	10,854	8,859
Subtotal	90,050	66,637
Less accumulated depreciation and amortization	(54,584)	(45,749)
	$ 35,466	$ 20,888
	=====	=====

Depreciation expense was $15,456,000, $11,798,000 and $9,792,000 for fiscal 2001, 2000 and 1999, respectively.

During fiscal 2001, the Company replaced four Compaq Alpha GS 140 systems at each of its data centers with three Compaq GS 320 Wildfire systems, enabling the Company to increase capacity in the data centers by 300% and double system-wide main memory to 768 gigabytes. Accelerated depreciation of approximately $425,000 was recorded in fiscal 2001 when the Compaq Alpha GS 140 mainframes were replaced.

On July 31, 2001, the Company announced the acquisition of a new data center, along with its associated lease, from Vitts Networks, Inc. in Manchester, New Hampshire. The Company expects to begin operations in Manchester in late November 2001, at which time FactSet's New York City data center will be closed and converted to conventional offices.

10. Income Taxes

The provision for income taxes consists of the following:

Thousands *Years Ended August 31,*	*2001*	*2000*	*1999*
Current tax expense			
U.S. federal	$16,740	$ 14,235	$ 12,190
State and local	2,856	3,279	2,800

Nonrecurring tax benefit	—	(1,119)	—
Total current taxes	19,596	16,395	14,990
Deferred tax benefit			
U.S. federal	1,068	(1,707)	(2,195)
State and local	181	(391)	(743)
Total deferred taxes	1,249	(2,098)	(2,938)
Total tax provision	$20,845	$ 14,297	$ 12,052
	=====	=====	=====

Deferred tax assets (liabilities) consist of the following:

Thousands ***Years Ended August 31,***	***2001***	***2000***
Deferred tax assets		
Current		
Deferred fees and commissions	$4,195	$3,097
Accrued liabilities	1,254	4,268
Accrued technology	(107)	—
Total current deferred taxes	5,342	7,365
Non-current		
Property, equipment and leasehold improvements, net	3,265	2,667
Deferred rent	238	288
Acquired technology	(497)	(723)
Total non-current deferred taxes	3,006	2,232
Net deferred tax assets	8,348	9,597
	====	====

Included in accounts payable and accrued expenses are accrued taxes other than income taxes of $1.7 million and $1.9 million at August 31, 2001 and 2000, respectively.

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 in the audit process. Nevertheless, the Company has no reason to believe that audits will result in additional tax payments that would have a material adverse effect on its results of operations or financial position.

The provisions for income taxes differ from the amount of income tax determined by applying the U.S. statutory federal income tax rate to income before income taxes as a result of the following factors:

Expressed as a percentage of income before income taxes	***2001***	***2000***	***1999***
Tax at statutory U.S. tax rate	35.0%	35.0%	35.0%
Increase (decrease) in taxes resulting from:			
State and local taxes, net of U.S. federal income tax benefit	3.6%	4.9%	6.6%
Refunds from income tax audits, net of payments	—	—	(2.5%)
Nonrecurring tax benefit	—	(2.8%)	—
Other, net	(0.2%)	(1.0%)	0.3%
Total provision for income taxes	38.4%	36.1%	39.4%
	===	===	===

Included in fiscal 2000 income taxes was a nonrecurring tax benefit of approximately $1.1 million generated by the implementation of new tax planning that also caused prior years’ income tax returns to be adjusted. Excluding the effect of this one-time benefit, the effective tax rate for fiscal 2000 would have been 38.9%. Included in the 1999 effective tax rates was the favorable net effect of concluding two state income tax audits in the amount of $776,000. Excluding this item, the 1999 effective tax rate would have been 41.9%.

11. Net Capital

As a registered broker-dealer, FDS is subject to Rule 15c3-1 under the Securities and Exchange Act of 1934, which requires that FDS maintain minimum net capital equal to the greater of $5,000 or 6.67% of aggregate indebtedness (the “minimum net capital requirement”). FDS may be prohibited from paying cash dividends to the Company if such dividends would result in its net capital falling below the minimum net capital requirement or its ratio of aggregate indebtedness to net capital exceeding 15 to 1.

At all times during the years presented, FDS had net capital in excess of its minimum net capital requirement. At August 31, 2001, FDS had net capital of $4.6 million, which was $3.9 million in excess of its minimum net capital requirement of $715,985. The ratio of aggregate indebtedness to net capital was 2.32 to 1.

12. Lease Commitments

The Company leases office space domestically in Greenwich and Stamford, Connecticut; Boston and Newton, Massachusetts; New York, New York; Chicago, Illinois; Manchester, New Hampshire; San Mateo, California and has overseas offices in leased locations in London, Tokyo, Hong Kong, Sydney, Frankfurt and

Avon (France). The leases expire on various dates through February 2010. Total minimum rental payments associated with the leases are recorded as rent (a component of selling, general and administrative expenses) on a straight-line basis over the period of the respective lease terms.

At August 31, 2001, the Company's lease commitments for office space provide for the following future minimum rental payments under non-cancelable operating leases with remaining terms in excess of one year:

Thousands ***Years Ended August 31,***	
2002	$ 7,055
2003	7,265
2004	5,350
2005	3,264
2006	2,706
Thereafter	5,009
Minimum lease payments	$30,649
	=====

During fiscal 2001, 2000 and 1999, rental expense for all operating leases amounted to approximately $7.4 million, $4.6 million and $3.9 million, respectively.

13. Employee Stock Plans

Employee Retirement Plan
The Company sponsors an Employee Stock Ownership Plan (the "Plan" or "ESOP"). The Company may make optional annual contributions for the benefit of participating employees in such amounts as designated by the Board of Directors. The Board of Directors authorized contributions in the amounts of $1.8 million, $1.3 million and $1.0 million, for the years ended August 31, 2001, 2000 and 1999, respectively. Such contributions are recorded in cost of services and selling, general and administrative as compensation expense. Issuance of the related common shares occurs shortly after contributions are authorized, generally in the following fiscal year.

Employees of the Company and its subsidiaries who have performed at least 1,000 hours of service during the year are generally eligible to participate in the Plan. The Company contribution allocated to an individual account begins to vest upon completion of the employee's third year of service at the rate of 20% in each successive year of service. Forfeited non-vested interests in the Plan are allocated to the other participants' accounts.

A distribution from the Plan can be made to an employee upon retirement, termination, death or total disability. Distributions can be paid in the form of cash or the Company's common stock. In cash distributions, the Company purchases the common stock in the participant's ESOP account at the closing price of the Company's common stock on the last day of the month in which the distribution is requested by the participant of the Plan. These repurchases of common stock from employees are included in both the treasury stock section of the Consolidated Statements of Changes in Stockholders' Equity and in the cash flows from financing activities in the Consolidated Statements of Cash Flows.

The Plan held 2,214,386, 2,174,951, and 2,455,642 shares of the Company's common stock at August 31, 2001, 2000 and 1999, respectively.

Employee Stock Purchase Plan
The Company implemented an Employee Stock Purchase Plan (the "Purchase Plan") in fiscal 2001 for all eligible employees. Under the Purchase Plan, shares of the Company's common stock may be purchased at three-month intervals at 85% of the lower of the fair market value of FactSet common stock on the first or the last day of each three-month period. Employee purchases may not exceed 10% of their gross compensation during an offering period. During fiscal 2001, employees purchased 28,000 shares at an average price of $23.55. At August 31, 2001, 472,000 shares were reserved for future issuance.

Stock Option Plans
Options granted under the Company's Stock Option Plans (the "Plans") expire not more than ten years from the date of grant and vest at a rate of 20% per year beginning one year after the grant date. Option exercise prices equal the fair market value of the Company's stock on the date of the option grant. Options generally are not transferable or assignable other than by will or the laws of descent and distribution. During the grantee's lifetime, they may be exercised only by the grantee.

In fiscal years 2001, 2000 and 1999, incentive and non-qualified stock options to purchase 1,241,000, 825,500 and 781,600 shares of common stock, respectively, at prices which ranged from $8.81 to $35.50 were granted to employees and non-employee directors of the Company. Option shares and exercise prices give retroactive effect to the 2-for-1 stock split on February 4, 2000 and the 3-for-2 stock split on February 5, 1999, respectively.

A summary of the status of the Company's stock option plans at August 31, 2001, 2000 and 1999, and changes during each of the years then ended is presented below:

		2001		**2000**		**1999**
Thousands, except per share data	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Outstanding, beginning fiscal year	3,430	$15.26	4,036	$ 7.48	5,778	$ 3.18
Granted	1,241	$34.33	826	$33.08	784	$19.34

Exercised	(475)	$ 6.21	(1,262)	$ 1.92	(2,474)	$ 1.16
Forfeited	(48)	$24.40	(170)	$15.99	(52	$ 8.43
Outstanding at fiscal year end	4,148	$21.91	3,430	$15.26	4,036	$ 7.48
Exercisable at fiscal year end	1,421	$10.99	1,273	$ 6.23	1,366	$ 2.88
	=====		=====		=====	

The following table summarizes information about stock options outstanding at August 31, 2001 *(shares in thousands):*

Options Outstanding				**Options Exercisable**	
Range of Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Years of Contractual Life**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**
$ 0.90-$10.00	1,506	5.7	$ 6.78	1,031	$ 5.68
$10.01-$20.00	562	7.6	19.41	212	19.41
$20.01-$35.50	2,080	8.9	33.62	178	31.77
	4,148	7.6	$21.91	1,421	$10.99
	====	===	=====	====	=====

The Company follows the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation. As permitted by SFAS No. 123, the Company accounts for the Plans under APB Opinion No. 25, under which no compensation cost has been recorded. Had compensation cost for the Plans been determined pursuant to the measurement principles under SFAS No. 123, the Company's net income and earnings per share would have been reduced to the following pro forma amounts for fiscal years 2001, 2000 and 1999.

Years Ended August 31,	**2001**		**2000**		**1999**	
Thousands, except per share data	**As Reported**	**Pro Forma**	**As Reported**	**Pro Forma**	**As Reported**	**Pro Forma**
Net income	$33,401	$27,208	$25,279	$22,273	$18,565	$17,110
Earnings per share	$ 0.96	$ 0.78	$ 0.74	$ 0.65	$ 0.56	$ 0.51
Wtd. avg. fair value of option grants		$ 14.18		$ 13.84		$ 7.68

Disclosure of the pro forma impact from the method of accounting prescribed by SFAS No. 123 is effective for fiscal years beginning after December 15, 1994. As such, options granted in fiscal 1995 are excluded from the calculations of compensation costs included in the pro forma net income and earnings per share amounts above.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in fiscal years 2001, 2000 and 1999:

Stock Option Plans Year Ended August 31,	**2001**	**2000**	**1999**
Risk-free interest rate	5.70 %	6.52 %	5.24 %
Expected life	4.0 years	4.0 years	4.1 years
Expected volatility	45 %	45 %	43 %
Dividend yield	0.4 %	0.4 %	0.4 %

Employee Stock Purchase Plan Year Ended August 31,	**2001**
Risk-free interest rate	4.16 %
Expected life	3 months
Expected volatility	59 %
Dividend yield	0.4 %

14. Segments

The Company has three reportable segments based on geographic operations: the United States, Europe and Asia Pacific. Each segment markets online integrated database services to investment managers, investment banks and other financial services professionals. The U.S. segment services financial institutions throughout North America, while the European and Asia Pacific segments service investment professionals located in Europe and other regions.

The European segment is headquartered in London, United Kingdom and maintains office locations in Frankfurt, Germany and Avon, France. The Asia Pacific segment is headquartered in Tokyo, Japan with office locations in Hong Kong and Sydney, Australia. Mainly sales and consulting personnel staff each of these foreign branch operations. Segment revenues reflect direct sales of products and services to clients based in their respective geographic locations. There are no intersegment or intercompany sales. Each segment records compensation, travel, office and other direct expenses related to its employees. Expenditures related to the Company's computing centers, expenses for software development, data costs, clearing fees, income taxes and corporate headquarters charges are recorded by the U.S. segment and are not allocated to the European and Asia Pacific segments. The accounting policies of the segments are the same as those described in Note 2, "Accounting Policies."

Segment Information

Thousands	*U.S.*	*Europe*	*Asia Pacific*	*Total*
Year Ended August 31, 2001				
Revenues from external clients	$142,992	$ 24,911	$ 8,785	$176,688
Other income	3,333	10	—	3,343
Depreciation and amortization	14,761	1,514	249	16,524
Segment operating profit*	35,054	11,755	4,094	50,903
Provision for income taxes	20,845	—	—	20,845
Total assets	158,424	10,838	3,289	172,551
Capital expenditures	28,436	1,371	336	30,143
Year Ended August 31, 2000				
Revenues from external clients	$111,801	$ 15,878	$ 6,499	$134,178
Other income	3,146	11	—	3,157
Depreciation and amortization	10,931	685	249	11,865
Segment operating profit*	26,995	6,773	2,651	36,419
Provision for income taxes	14,297	—	—	14,297
Total assets	125,427	8,449	1,692	135,568
Capital expenditures	8,506	2,704	93	11,303
Year Ended August 31, 1999				
Revenues from external clients	$ 88,962	$ 10,690	$ 4,179	$103,831
Other income	1,977	10	—	1,987
Depreciation and amortization	9,118	331	343	9,792
Segment operating profit*	22,579	4,900	1,151	28,630
Provision for income taxes	12,052	—	—	12,052
Total assets	96,861	4,574	1,593	103,028
Capital expenditures	15,572	467	456	16,495

*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.

Geographic Information

Thousands *Years Ended August 31,*	**2001**	**2000**	**1999**
Revenues			
United States	$142,992	$111,801	$ 88,962
United Kingdom	16,266	11,240	8,049
Other European countries	8,645	4,638	2,641
Asia Pacific countries	8,785	6,499	4,179
Total revenues	$176,688	$134,178	$103,831
	======	======	======
Long-lived Assets			
United States	$ 32,522	$ 17,925	$ 20,283
United Kingdom	2,580	2,764	745
Other European countries	40	—	—
Asia Pacific countries	324	199	355
Total long-lived assets	$ 35,466	$ 20,888	$ 21,383
	=====	=====	=====

Fees quoted by the Company are based on subscriptions to its products and services. Around-the-clock consulting, unlimited client training and payment of daily communication costs are significant services provided to all clients. Fees for these services are included in subscription charges and are not separately stated in client invoices or in the Company's accounting records. Accordingly, disclosure of revenues by products and services is not practicable.

For the fiscal years ended August 31, 2001, 2000 and 1999, no individual client accounted for more than 5% of total revenues. Revenues from the top ten clients did not exceed 25%.

15. Revolving Credit Facilities

In fiscal 2001, the Company renewed its 364-day revolving credit facility and continued to maintain its existing three-year credit facility. Both credit facilities ("the facilities") are available in an aggregate principal amount of up to $25 million for working capital and general corporate purposes, with the facilities split into two equal tranches and maturing March 2002 and November 2004. Approximately $464,000 in aggregate of these credit facilities has been utilized for letters of credit issued during the ordinary course of business. The Company has no present plans to draw any portion of the remaining available credit of approximately $24.5 million. The Company is obligated to pay a commitment fee on the unused portion of the facilities at a weighted average annual rate of 0.175%. The facilities also contain covenants that, among other things, require the Company to maintain minimum levels of consolidated net worth and certain leverage and fixed charge ratios. The Company has complied with all covenants related to the facilities during fiscal 2001.

16. Off-Balance Sheet Risk and Concentrations of Credit Risk
In the normal course of business, securities transactions of commission clients of FDS are introduced and cleared through clearing brokers. Pursuant to agreements between FDS and its clearing brokers, the clearing brokers have the right to charge FDS for unsecured losses that result from a client's failure to complete such transactions. The Company seeks to control the credit risk of nonperformance by considering the creditworthiness of its clients.

Receivables from clearing brokers represents a concentration of credit risk in that securities transactions cleared through two clearing brokers bear the potential for liability if unwound or unconsummated.

FACTSET RESEARCH SYSTEMS INC.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of FactSet Research Systems Inc.

In our opinion, the accompanying consolidated statements of financial condition and the related consolidated statements of income, changes in stockholders' equity, and cash flows present fairly, in all material respects, the financial position of FactSet Research Systems Inc. and its subsidiaries at August 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/PricewaterhouseCoopers LLP
New York, New York
September 14, 2001

FACTSET RESEARCH SYSTEMS INC.

QUARTERLY FINANCIAL DATA
(Unaudited)

Quarterly results of operations and earnings per common share for fiscal 2001 and 2000 are as follows:

Thousands, except per share data	*First*	*Second*	*Third*	*Fourth*
2001				
Revenues	$ 40,911	$ 42,924	$ 45,374	$ 47,479
Cost of services	14,129	14,569	15,863	17,015
Selling, general and administrative	14,999	15,818	16,524	16,868
Income from operations	11,783	12,537	12,987	13,596
Net income	7,752	8,372	8,572	8,705
Diluted earnings per common share	$ 0.22	$ 0.24	$ 0.25	$ 0.25
Wtd. avg. common shares (diluted)	34,811	34,779	34,726	34,726
2000*				
Revenues	$ 30,284	$ 32,485	$ 34,295	$ 37,114
Cost of services	10,560	11,562	11,415	11,954
Selling, general and administrative	11,042	11,676	12,700	14,100
Retirement bonus	—	—	2,750	—
Income from operations	8,682	9,247	7,430	11,060
Net income	5,526	7,314	5,150	7,289
Diluted earnings per common share	$ 0.16	$ 0.21	$ 0.15	$ 0.21
Wtd. avg. common shares (diluted)	34,580	34,659	34,505	34,586

*Earnings per share and shares outstanding give retroactive effect to the 2-for-1 stock split that occurred on February 4, 2000.

FACTSET RESEARCH SYSTEMS INC.

STOCK INFORMATION

Common Stock
The principal stock exchange on which the Company's common stock (par value $0.01 per share) is listed is the New York Stock Exchange. At October 25, 2001,

there were approximately 6,400 shareholders of the Company's common stock.

Quarterly Stock Prices

Quarterly stock prices reflect the high and low prices for the Company's common stock on the New York Stock Exchange composite tape for the last two fiscal years.

	First	Second	Third	Fourth
2001				
High	$ 39.94	$ 44.35	$ 43.49	$ 47.49
Low	31.93	29.90	27.13	22.65
2000*				
High	$ 37.00	$ 41.75	$ 35.50	$ 35.88
Low	23.09	26.88	18.00	25.82

* Share prices give retroactive effect to the 2-for-1 stock split that occurred on February 4, 2000.

FACTSET RESEARCH SYSTEMS INC.

DIRECTORS AND MANAGEMENT

Directors

Philip A. Hadley
Chairman of the Board and
Chief Executive Officer

Charles J. Snyder
Vice Chairman of the Board and
Retired President

Michael F. DiChristina
President and Chief Operating Officer

Scott A. Billeadeau
Senior Vice President
and Senior Portfolio Manager
Paladin Investment Associates, LLC
Minneapolis, Minnesota

John D. Connolly
Retired Partner
Miller, Anderson & Sherrerd
West Conshohocken, Pennsylvania

Joseph E. Laird, Jr.
Chairman and Chief Executive Officer
Laird Squared, LLC
New York, New York

John C. Mickle
President
Sullivan, Morrissey & Mickle
Capital Management Corporation
New York, New York

Walter F. Siebecker
Managing Director
Depository Trust and Clearing Corporation
New York, New York

Howard E. Wille
Retired Chairman of the Board and
Chief Executive Officer

Management

Philip A. Hadley
Chairman of the Board and
Chief Executive officer

Michael F. DiChristina
President and Chief Operating Officer

Michael D. Frankenfield
Senior Vice President and
Director of Sales and Marketing

Townsend Thomas
Senior Vice President and
Chief Technology Officer

Ernest S. Wong
Senior Vice President,
Chief Financial Officer and Secretary

Scott L. Beyer
Director, European Operations and
Managing Director, FactSet Limited

Michael E. Cham
Director, Engineering

William F. Faulkner
Director, Business Development

David W. Hill
Director, Business Development

Kieran M. Kennedy
Director, Consulting Services

Edward A. Martin
Director, Quality Assurance and
Information Research

Maurizio Nicolelli
Comptroller

Laura C. Ruhe
Director, Product Development

Scott C. Yasharian
Director, Pacific Rim Operations and
President, FactSet Pacific, Inc.

CORPORATE INFORMATION

Headquarters
FactSet Research Systems Inc.
One Greenwich Plaza
Greenwich, Connecticut 06830
203.863.1500/203.863.1501 fax

Internet Address
www.factset.com

Offices
FactSet Research Systems Inc.
One Cummings Point Road
Stamford, Connecticut 06902
203.356.3700

FactSet Research Systems Inc.
300 First Stamford Place
Stamford, Connecticut 06902
203.905.7000

FactSet Research Systems Inc.
90 Park Avenue
New York, New York 10016
212.476.4300

FactSet Research Systems Inc.
One Federal Street
Boston Massachusetts 02110
617.757.1100

FactSet Research Systems Inc.
311 South Wacker Drive
Chicago, Illinois 60606
312.386.1500

FactSet Research Systems Inc.
2600 Campus Drive
San Mateo, California 94403
650.286.4900

FactSet Limited
One Angel Court
London EC2R 7HJ
United Kingdom
44.(0)20.7606.0001

FactSet GmbH
Trianon-Gebaeude
Mainzer Landstrasse 16
60325 Frankfurt
Germany
49.69.97168.101

LionShares Europe S.A.S.
44 Avenue de Valvins
Avon, France 77210
33.1.60.74.98.70

FactSet Pacific, Inc.
Daini Okamotoya Building 8F
1-22-16 Toranomon
Minato-ku, Tokyo 105-0001
Japan
81.3.5512.7700

FactSet Pacific, Inc.
25/F Bank of China Tower
One Garden Road
Central, Hong Kong
852.2251.1833

FactSet Pacific, Inc.
14 Martin Place, Level 7
Sydney, NSW 2000
Australia
61.2.9224.8930

Additional information, including the Form 10-K, can be obtained from our Web site or by contacting Investor Relations at 203.863.1500.

Independent Public Accountants
PricewaterhouseCoopers LLP
New York, New York

Legal Counsel
Cravath, Swaine & Moore
New York, New York

Stock Transfer Agent/Registrar
Mellon Investor Services
800.288.9541
www.melloninvestor.com

Common Stock Information
FactSet trades on the New York Stock Exchange under the ticker symbol “FDS”.

Annual Meeting
The annual meeting of stockholders will be held at 10:00 a.m. on Thursday, January 10, 2002 at the FactSet Corporate Office, One Greenwich Plaza, Greenwich, Connecticut.

On November 20, 2001, proxy material was sent to stockholders of record as of November 9, 2001.

FACTSET RESEARCH SYSTEMS INC.

Exhibit 21

Subsidiaries of FactSet Research Systems Inc.*	**Jurisdiction of Incorporation**
FactSet Data Systems, Inc.	Delaware
FactSet Limited	Delaware
FactSet GmbH	Germany
FactSet Pacific, Inc.	Delaware
Innovative Systems Techniques, Inc.	Massachusetts
eLumient.com	Massachusetts
LionShares Europe S.A.S.	France

* All subsidaries are 100% owned directly or indirectly by FactSet Research Systems Inc.

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-22319, 333-59839, 333-56870 and 333-57880) of FactSet Research Systems Inc. of our report dated September 14, 2001 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
New York, New York

November 19, 2001