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

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal quarter ended February 28, 2005

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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.)**
601 Merritt 7, Norwalk, Connecticut **(Address of principal executive office)**	**06851** **(Zip Code)**

Registrant's telephone number, including area code: (203) 810-1000

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 ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

The total number of shares of the registrant's Common Stock, $.01 par value, outstanding on February 28, 2005, was 48,070,530.

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FactSet Research Systems Inc.

Form 10-Q

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FactSet Research Systems Inc.
CONSOLIDATED STATEMENTS OF INCOME–Unaudited

	Three Months Ended		Six Months Ended	
(In thousands, except per share data)	**Feb 28, 2005**	**Feb 29, 2004**	**Feb 28, 2005**	**Feb 29, 2004**
Revenues	$76,472	$61,371	$150,535	$120,628
Cost of services	21,293	18,198	43,300	36,073
Selling, general and administrative	28,147	21,671	54,358	42,014
Total operating expenses	49,440	39,869	97,658	78,087
Income from operations	27,032	21,502	52,877	42,541
Other income	216	687	384	1,422
Income before income taxes	27,248	22,189	53,261	43,963
Provision for income taxes	10,078	7,452	19,694	15,318
Net income	$17,170	$14,737	$ 33,567	$ 28,645
Basic earnings per common share	$ 0.36	$ 0.30	$ 0.70	$ 0.57
Diluted earnings per common share	$ 0.34	$ 0.29	$ 0.67	$ 0.55
Weighted average common shares (Basic)	48,001	49,392	47,797	50,046
Weighted average common shares (Diluted)	50,397	51,246	50,213	52,307

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

FactSet Research Systems Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME–Unaudited

	Three Months Ended		Six Months Ended	
(In thousands, except per share data)	**Feb 28, 2005**	**Feb 29, 2004**	**Feb 28, 2005**	**Feb 29, 2004**
Net income	$17,170	$14,737	$33,567	$28,645
Change in unrealized gain (loss) on investments, net of taxes	38	(94)	19	(75)
Foreign currency translation adjustment	440	—	5,722	—
Comprehensive income	$17,648	$14,643	$39,308	$28,570

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

FactSet Research Systems Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except per share data)	February 28, 2005 (Unaudited)	August 31, 2004
CURRENT ASSETS		
Cash and cash equivalents	$ 37,394	$ 78,580
Investments	26,014	19,524
Receivables from clients and clearing brokers, net	67,182	45,935
Deferred taxes	4,759	5,875
Other current assets	3,809	4,834
Total current assets	139,158	154,748
LONG-TERM ASSETS		
Property, equipment and leasehold improvements, at cost	112,963	102,311
Less accumulated depreciation and amortization	(66,581)	(58,402)
Property, equipment and leasehold improvements, net	46,382	43,909
OTHER NON-CURRENT ASSETS		
Goodwill	77,243	19,937
Intangible assets, net	30,060	5,944
Deferred taxes	3,772	3,098
Other assets	2,715	2,291
TOTAL ASSETS	$ 299,330	$ 229,927

	February 28, 2005	August 31, 2004
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 17,868	$ 21,123
Accrued compensation	9,334	17,328
Deferred fees	18,249	9,530
Dividends payable	2,404	2,182
Current taxes payable	1,360	7,624
Total current liabilities	49,215	57,787
NON-CURRENT LIABILITIES		
Deferred taxes	7,506	—
Deferred rent and other non-current liabilities	8,876	7,594
Total liabilities	65,597	65,381
Commitments and contingencies (See Note 5)		
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value	541	352
Capital in excess of par value	85,658	60,420
Retained earnings	272,249	243,324
Accumulated other comprehensive income (loss)	5,695	(46)
Treasury stock, at cost	(130,410)	(139,504)
Total stockholders' equity	233,733	164,546
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 299,330	$ 229,927

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

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FactSet Research Systems Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS–Unaudited

(In thousands)	Six Months Ended February 28, 2005	Six Months Ended February 29, 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 33,567	$ 28,645
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	9,081	7,549
Deferred tax provision (benefit)	112	(1,637)
Gain on sale of equipment	—	(210)
Accrued ESOP contribution	—	1,320
Net income adjusted for non-cash items	42,760	35,667
Changes in assets and liabilities, net of effects of acquisitions		
Receivables from clients and clearing brokers, net	(17,134)	(3,075)
Accounts payable and accrued expenses	(5,643)	(634)
Accrued compensation	(6,451)	(5,603)
Deferred fees	1,048	(1,522)
Current taxes payable	(6,421)	1,489
Landlord contributions to leasehold improvements	500	6,092
Other working capital accounts, net	4,432	(117)
Income tax benefits from stock option exercises	5,192	479
Net cash provided by operating activities	18,283	32,776
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) Sales of investments, net	(6,452)	31,553
Acquisition of businesses, net of cash acquired	(52,098)	—
Purchases of property, equipment and leasehold improvements	(9,015)	(6,405)
Net cash (used in) provided by investing activities	(67,565)	25,148
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payments	(4,214)	(3,856)
Repurchase of common stock	(280)	(72,205)
Proceeds from employee stock plans	13,319	3,822
Net cash provided by (used in) financing activities	8,825	(72,239)
Effect of exchange rate changes on cash and cash equivalents	(729)	—
Net decrease in cash and cash equivalents	(41,186)	(14,315)
Cash and cash equivalents at beginning of period	78,580	51,126
Cash and cash equivalents at end of period	$ 37,394	$ 36,811

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FactSet Research Systems Inc.
February 28, 2005
(Unaudited)

1. ORGANIZATION AND NATURE OF BUSINESS

FactSet Research Systems Inc. (the "Company" or "FactSet") provides online integrated database services to the global investment community. The Company combines more than 200 databases and clients' proprietary data into a single information system. FactSet's revenues are derived from month-to-month subscriptions to services such as workstations, databases and financial portfolio applications.

At the option of each client, these charges may be paid either in commissions from securities transactions or in cash. To facilitate the payment for services in commissions, 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. Services paid in commissions are derived from securities transactions introduced and cleared on a fully disclosed basis primarily through one clearing broker. 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 France, Inc., FactSet Europe S.à.r.l, FactSet Europe Limited, FactSet France S.A.S., FactSet GmbH, JCF Group S.A.S., FactSet Italia S.r.l., JCF Partners Limited, FactSet Research Limited UK, JCF Development Limited, Decision Data System B.V., FactSet Pacific, Inc., JCF Information (Asia) Pte Limited, LionShares Europe S.A.S., FactSet Mergerstat, LLC ("Mergerstat"), CallStreet, LLC ("CallStreet"), TrueCourse, Inc. and JCF Group Inc. are wholly owned subsidiaries of the Company, with operations in London, Paris, Frankfurt, Tokyo, Hong Kong, Sydney, Avon (France), Boston and Santa Monica, California.

2. ACCOUNTING POLICIES

In the opinion of management, the accompanying statements of financial condition and related interim statements of income, comprehensive income and cash flows include all normal adjustments in order to present fairly the results of the Company's operations for the interim periods presented in conformity with accounting principles generally accepted in the United States. The interim consolidated financial statements should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and footnotes to them included in the Company's Annual Report of Form 10-K for the fiscal year ended August 31, 2004. The significant accounting policies of the Company and its subsidiaries are summarized below. Certain prior year amounts have been reclassified to conform to current year presentation.

Shares of common stock and related per share amounts give retroactive effect for stock splits. All shares of common stock and related per share amounts have been adjusted to reflect a three-for-two common stock split, effected as a stock dividend, which occurred on February 4, 2005.

Financial Statement Presentation

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates have been made in areas that include income and other taxes, depreciable lives of fixed assets, accrued liabilities, accrued compensation, receivable reserves and allocation of purchase price to assets and liabilities acquired. Actual results could differ from those estimates.

Revenue Recognition

FactSet applies Staff Accounting Bulletin No. 104 ("SAB 104"), *Revenue Recognition*, to its business arrangements for revenue recognition. Primarily all clients are invoiced monthly, in arrears, to reflect the actual services rendered to them. Remaining clients are invoiced annually in advance. Subscription revenue is earned each month as the service is rendered to clients, according to the specific subscription and the number of workstations deployed for such month. A provision is made to allow for billing adjustments as a result of cancellation of service or reduction in number of workstations. Such provisions are accounted for as a reduction of subscription revenue, with a corresponding reduction to subscriptions receivable. FactSet recognizes revenue when all the following criteria are met:

- The client subscribes to our research services,
- the FactSet service has been rendered and earned during the month,
- the amount of the subscription is fixed and determinable based on established rates for each product offering, quoted on an annualized basis, and
- collectibility is reasonably assured.

Under the guidance in SAB 104, the Company's subscriptions represent a single earnings process. Collection of subscription revenues through FDS's external clearing broker does not represent a separate service or earnings process since FDS is not the principal party to the settlement of the securities transactions for which the clearing brokers charge clearing fees. Clearing fees are recorded in the period incurred, at the time that a client executes securities transactions through clearing brokers. The Company earns the right to recover the clearing fee from its clients at the time the securities transactions are executed, which is the period in which the clearing fees are incurred.

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, net. As of February 28, 2005, the amount of receivables from clients and clearing brokers, net that was unbilled totaled $25.2 million. Since the Company invoices its clients monthly in arrears, the $25.2 million unbilled as of February 28, 2005 was billed at the beginning of March 2005. 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.

The Company calculates a receivable reserve through analyzing aged client receivables each month and reviewing historical company information, industry trends and general market conditions.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market investments with maturities of 90 days or less and are reported at fair value.

Investments

Investments have maturities greater than 90 days from the date of acquisition, 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 or less. Depreciation of furniture and fixtures is recognized using the double declining balance method over estimated useful lives between five and seven 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.

Goodwill

Goodwill has resulted from the acquisitions of the Insyte, LionShares, Mergerstat, CallStreet, JCF and TrueCourse businesses. The Company performed an annual goodwill impairment test during the fourth quarter of fiscal years 2004, 2003 and 2002 and determined that there had been no impairment. Depending on the structure of the acquisition, goodwill may or may not be income tax-deductible.

Intangible Assets

Intangible assets primarily consist of acquired technology and certain acquired content databases resulting from the acquisitions of the Insyte, LionShares, Mergerstat, CallStreet, JCF and TrueCourse businesses and are amortized on straight-line and accelerated bases using estimated useful lives ranging between two and twenty years.

Internal Use Software

The Company capitalizes only those direct costs incurred during the application development and implementation stages for developing, purchasing or otherwise acquiring software for internal use that management believes have a probable future application in the Company's subscription-based service. These costs are amortized over the estimated useful lives of the underlying software, generally three years or less. All costs incurred during the preliminary planning project stage, including project scoping, identification and testing of alternatives, are expensed as incurred. Capitalized direct costs associated with developing, purchasing or otherwise acquiring software for internal use are reported in the Property, Equipment & Leasehold Improvements line item of the Company's Consolidated Statements of Financial Condition. These costs are amortized on a straight-line basis over the expected useful life of the software, beginning when the software is implemented and ready for its intended use.

Landlord Contributions to Leasehold Improvements

In conjunction with entering into leases for office space, the Company receives contributions from landlords toward leasehold improvements which are included in the Deferred Rent and Other Non-Current Liabilities line item of the Company's Consolidated Statements of Financial Condition. The current portion of deferred rent and other non-current liabilities is included in the accounts payable and accrued expenses line item of the Company's Consolidated Statements of Financial Condition. Cash received from landlord contributions to leasehold improvements is classified as operating activities in the Company's Consolidated Statements of Cash Flows. These contributions are amortized as a reduction to rent expense over the non-cancelable lease terms to which they pertain, primarily fifteen years.

Accrued Liabilities

Accrued liabilities include estimates relating to employee compensation, operating expenses and tax liabilities. Most of the Company's employee incentive compensation programs are discretionary. A final review of departmental performance is conducted each year end, with senior management determining the ultimate amount of discretionary bonus pools, which is then approved by the Company's Board of Directors.

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.

Comprehensive Income (Loss)

The Company reports comprehensive income (loss) in accordance with SFAS No. 130, *Reporting Comprehensive Income*. SFAS No. 130 establishes standards for the reporting and display of comprehensive income (loss) in a set of financial statements. Comprehensive income (loss) is defined as the change in net assets of a business enterprise during a period from transactions generated from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Foreign Currency

The functional currency of the Company's international JCF group subsidiaries is the local currency. The financial statements of these subsidiaries are translated to United States dollars using period-end rates of exchange for assets and liabilities, and average rates for the period for revenues and expenses. Translation gains (losses) are recorded in accumulated other comprehensive income (loss) as a component of stockholders' equity.

Earnings Per Share

The computation of basic earnings per share in each period is based on the weighted average number of common shares outstanding. Diluted earnings per share are 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

The Company follows the disclosure-only provisions of Financial Accounting Standards Board Statement No. 123 ("SFAS 123"), *Accounting for Stock-Based Compensation*. In December 2002, the Financial Accounting Standards Board issued Statement No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure.* This statement provides alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. The statement also amends the disclosure requirements of SFAS 123, to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. As permitted by SFAS 123, the Company accounts for its stock option and employee stock purchase plans under APB Opinion No. 25, under which no compensation cost has been recorded. Stock option exercise prices equal the fair market value of the Company's stock price on the date of grant; thus no compensation costs are recorded. Had compensation cost for the Company's stock option plans and employee stock purchase plan been determined pursuant to the measurement principles under SFAS 123, the Company's net income and earnings per share would have been reduced to the following pro forma amounts for the three and six months ended February 28, 2005 and February 29, 2004:

	Three Months Ended		Six Months Ended	
(In thousands, except per share data)	**February 28, 2005**	**February 29, 2004**	**February 28, 2005**	**February 29, 2004**
Net income, as reported	$ 17,170	$ 14,737	$ 33,567	$ 28,645
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related income tax effects	(1,783)	(1,976)	(3,666)	(3,399)
Pro forma net income	$ 15,387	$ 12,761	$ 29,901	$ 25,246
Basic - as reported	$ 0.36	$ 0.30	$ 0.70	$ 0.57
Basic - pro forma	$ 0.32	$ 0.26	$ 0.63	$ 0.50
Diluted - as reported	$ 0.34	$ 0.29	$ 0.67	$ 0.55
Diluted - pro forma	$ 0.31	$ 0.25	$ 0.60	$ 0.48

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model. The following weighted average assumptions were used for option grants in the first six months of fiscal 2005 and 2004:

STOCK OPTION PLANS

Six months ended	February 28, 2005	February 29, 2004
Risk-free interest rate	3.51%	2.57%
Expected life	5.4 years	4.1 years
Expected volatility	46%	50%
Dividend yield	0.5%	0.7%

EMPLOYEE STOCK PURCHASE PLAN

Six months ended	February 28, 2005	February 29, 2004
Risk-free interest rate	2.52%	0.97%
Expected life	3 months	3 months
Expected volatility	33%	28%
Dividend yield	0.5%	0.6%

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued its final standard on accounting for share-based payments (SBP), FASB Statement No. 123R (revised 2004) ("FAS 123R"), *Share-Based Payment*, that requires companies to expense the value of employee stock options and similar awards. The standard is effective for public companies for interim and annual periods beginning after June 15, 2005, and applies to all outstanding and unvested SBP awards at a company's adoption date. Management is currently evaluating option valuation methodologies and assumptions in light of FAS 123R related to employee stock options.

In March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB 107"), *Share-Based Payment*, which provides interpretive guidance related to the interaction between SFAS 123R and certain SEC rules and regulations, as well as provides the SEC staff's views regarding the valuation of share-based payment arrangements. FactSet is currently assessing the impact of SAB 107 on its implementation and adoption of SFAS 123R.

3. COMMON STOCK AND EARNINGS PER SHARE

Shares of common stock outstanding were as follows:

In thousands	Six Months Ended February 28, 2005	Six Months Ended February 29, 2004
Balance at September 1,	46,752	50,490
Common stock issued for employee stock plans	896	566
Common stock issued for acquisition of business	430	—
Repurchase of common stock	(8)	(3,105)
Balance at February 28, 2005 and February 29, 2004	48,070	47,951

Shares of common stock and related per share amounts give retroactive effect for stock splits. A three-for-two common stock split, effected as a stock dividend, occurred on February 4, 2005.

On July 16, 2002, the Board of Directors authorized a share repurchase program to acquire shares of the Company's outstanding common stock in open market or negotiated transactions. This program authorized the repurchase of up to 1,500,000 shares of FactSet common stock. The program established no minimum number of shares for repurchase. During the first six months of fiscal 2005, the Company did not repurchase any shares under this program. Since the inception of the stock repurchase program, FactSet has purchased approximately 1,158,000 shares at an average cost of $17.76 per share. Effective August 31, 2004, the Company froze the assets of the Employee Stock Ownership Plan.

On September 1, 2004, the Company issued 385,601 common shares as part of the acquisition price of the JCF Group of Companies. On January 4, 2005, the Company issued 44,613 common shares as part of the acquisition price of TrueCourse.

In January 2004, the Company purchased 3,000,000 shares of its common stock from one of its two co-founders, Howard E. Wille, at a price per share of $23.05. During March 2004, the Company purchased an additional 1,500,000 shares of its common stock from its other co-founder, Charles J. Snyder, at a price per share of $25.41. The Board of Directors approved both purchases of common stock from its co-founders prior to the execution of those purchases. The total cash expended for the two common stock purchases was $107.3 million.

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

In thousands, except per share data;	Net Income (Numerator)	Weighted Average Common Shares (Denominator)	Per Share Amount
For the Three Months Ended February 28, 2005			
Basic EPS			
Income available to common stockholders	$ 17,170	48,001	$ 0.36
Diluted EPS			
Dilutive effect of stock options	—	2,396	
Income available to common stockholders	$ 17,170	50,397	$ 0.34
For the Three Months Ended February 29, 2004			
Basic EPS			
Income available to common stockholders	$ 14,737	49,392	$ 0.30
Diluted EPS			
Dilutive effect of stock options	—	1,854	
Income available to common stockholders	$ 14,737	51,246	$ 0.29

In thousands, except per share data;	Net Income (Numerator)	Weighted Average Common Shares (Denominator)	Per Share Amount
For the Six Months Ended February 28, 2005			
Basic EPS			
Income available to common stockholders	$ 33,567	47,797	$ 0.70
Diluted EPS			
Dilutive effect of stock options	—	2,416	
Income available to common stockholders	$ 33,567	50,213	$ 0.67
For the Six Months Ended February 29, 2004			
Basic EPS			
Income available to common stockholders	$ 28,645	50,046	$ 0.57
Diluted EPS			
Dilutive effect of stock options	—	2,261	
Income available to common stockholders	$ 28,645	52,307	$ 0.55

4. 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, England and maintains office locations in France, Germany, Italy, Luxembourg and the Netherlands. The Asia Pacific segment is headquartered in Japan with office locations in Hong Kong, Australia and Singapore. Segment revenues reflect direct sales of products and services to clients based in their respective geographic locations. Each segment records compensation, travel, office and other direct expenses related to its employees. Expenditures related to the Company's computing centers, data costs and corporate headquarters charges are recorded by the U.S. segment and are not allocated to the European and Asia Pacific segments. Goodwill of $77.2 million at February 28, 2005, which reflects six prior acquisitions, is included within the U.S. and European segments. The accounting policies of the segments are the same as those described in Note 2, "Accounting Policies."

Segment Information

Segment Information **In thousands and unaudited**	**U.S.**	**Europe**	**Asia Pacific**	**Total**
For The Three Months Ended February 28, 2005				
Revenues from clients	$ 55,885	$ 16,912	$ 3,675	$ 76,472
Segment operating profit *	21,030	4,113	1,889	27,032
Total assets at February 28, 2005	186,196	108,573	4,561	299,330
Capital expenditures	4,330	146	—	4,476
For The Three Months Ended February 29, 2004				
Revenues from clients	$ 48,959	$ 9,606	$ 2,806	$ 61,371
Segment operating profit *	16,221	4,002	1,279	21,502
Total assets at February 29, 2004	201,929	9,307	3,644	214,880
Capital expenditures	2,171	32	30	2,233
For The Six Months Ended February 28, 2005				
Revenues from clients	$110,581	$ 32,719	$ 7,235	$150,535
Segment operating profit *	38,992	10,048	3,837	52,877
Capital expenditures	8,436	574	5	9,015
For The Six Months Ended February 29, 2004				
Revenues from clients	$ 96,255	$ 18,865	$ 5,508	$120,628
Segment operating profit *	31,763	8,085	2,693	42,541
Capital expenditures	6,203	79	123	6,405

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

5. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases office space domestically in Norwalk, Connecticut; Newark, New Jersey; Boston and Newton, Massachusetts; New York, New York; Chicago, Illinois; Manchester, New Hampshire; Reston, Virginia; Tuscaloosa, Alabama; San Mateo and Santa Monica, California; and internationally in London; Tokyo; Hong Kong; Sydney; Frankfurt; Milan; and Paris and Avon, France. The leases expire on various dates through December 2019. 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 periods of the respective non-cancelable lease terms.

At February 28, 2005, the Company's lease commitments for office space provide for the following future minimum rental payments under non-cancelable operating leases:

In thousands **Years Ended August 31,**	
2005 (Remainder)	$ 4,668
2006	9,084
2007	6,317
2008	6,047
2009	6,194
Thereafter	39,957
Minimum lease payments	$72,267

Revolving Credit Facilities

In fiscal 2005, the Company renewed its three-year credit facility and continued to maintain its existing 364-day revolving credit facility. The credit facilities (the "facilities") are available in an aggregate principal amount of up to $25.0 million for working capital and general corporate purposes, with the facilities split into two equal tranches and maturing in March 2006 and March 2008. Approximately $3.1 million in aggregate of these credit facilities has been utilized for letters of credit issued during the ordinary course of business as of February 28, 2005. The Company is obligated to pay a commitment fee on the unused portion of the facilities at a weighted average annual rate of 0.125%. 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.

Taxes

In the normal course of business, the Company's tax filings are subject to audit by federal, state and foreign tax authorities. Audits by four tax authorities are currently ongoing. There is inherent uncertainty in the audit process. The Company makes its best estimate of probable liabilities that may exist and records an estimate. The Company has no reason to believe that such audits will result in the payment of additional taxes or penalties or both that would have a material adverse effect on its results of operations or financial position.

6. INTANGIBLE ASSETS AND GOODWILL

The Company's acquired intangible assets result from the acquisitions of the Insyte, LionShares, Mergerstat, CallStreet, JCF and TrueCourse businesses in August 2000, April 2001, January 2003, May 2004, September 2004 and January 2005, respectively. The weighted average useful life of the acquired intangible assets is 12.8 years. These intangible assets have no assigned residual values. The gross carrying amounts and accumulated amortization totals related to the Company's acquired intangible assets were approximately $34,308,000 and $4,248,000 at February 28, 2005 and $8,254,000 and $2,310,000 at August 31, 2004, respectively. Intangible assets are composed of the following:

	February 28, 2005		August 31, 2004	
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 6,133	$ 377	$ 199	$ 33
Software technology	5,610	1,800	2,413	1,372
Data content	20,571	1,690	5,235	838
Trade names	1,335	208	52	9
Non-compete agreements	659	173	355	58
Total	$34,308	$ 4,248	$ 8,254	$ 2,310

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Amortization expense for intangible assets for the three months ended February 28, 2005 and February 29, 2004 was $990,000 and $191,000, respectively. Also, amortization expense for intangible assets for the six months ended February 28, 2005 and February 29, 2004 was $1,907,000 and $382,000, respectively. Estimated intangible asset amortization expense for fiscal 2005 and the five succeeding years is as follows:

In thousands Fiscal Year	Estimated Amortization Expense
2005 (Remainder)	$ 2,076
2006	4,211
2007	3,441
2008	2,664
2009	2,520
Thereafter	15,148
Total	30,060

Intangible assets acquired during the six months ended February 28, 2005 are as follows:

(in thousands)	Amortization Period	Acquisition Cost
Customer relationships	9.3 years	$ 5,536
Software technology	7.0 years	2,998
Data content	19.2 years	14,118
Trade names	3.6 years	1,192
Non-compete agreements	2.8 years	292
Weighted average/total	14.4 years	$ 24,136

Changes in the carrying amount of goodwill by segment for the six months ended February 28, 2005 are as follows:

(in thousands)	United States	Europe	Total
Balance at August 31, 2004	$ 19,937	$ —	$19,937
Goodwill acquired during the period	5,348	47,859	53,207
Other	—	4,099	4,099
Balance at February 28, 2005	$ 25,285	$51,958	$77,243

“Other” primarily includes the impact of foreign currency translation adjustments.

7. BUSINESS COMBINATION

On January 4, 2005, the Company acquired TrueCourse, Inc., a provider of corporate takeover defense intelligence, for $7.7 million. The purchase price includes a payment of $6.0 million and 44,613 shares of FactSet common stock valued at $1.7 million. The number of shares of common stock was determined based on the five day average of the market closing price of common stock prior the acquisition date, including January 4, 2005. TrueCourse provides a proprietary database of corporate takeover defense profiles to investment banks, institutional money managers and law firms. This acquisition is consistent with the Company’s strategy of controlling access to critical content used by its clients. This factor contributed to a purchase price in excess of fair value of the TrueCourse net tangible and intangible assets. As a result, the Company has recorded goodwill in connection with this transaction. The weighted average life of the intangible assets is 6.1 years. Goodwill generated from the TrueCourse acquisition is deductible for income tax purposes.

The preliminary purchase price allocation is as follows (in thousands):

Tangible assets	$ 430
Amortizable intangible assets:	
Customer relationships	736
Software technology	298
Data content	919
Trade name	191
Non-compete agreements	132
Goodwill	5,348
Total assets acquired	8,054
Liabilities assumed	(338)
Net assets acquired	$7,716

Operating results of TrueCourse have been 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 this acquisition was not material on the Company's consolidated financial results.

On September 1, 2004, pursuant to a stock purchase agreement dated as of June 29, 2004, the Company acquired from Decision Data Luxembourg S.A., all the outstanding stock of Decision Data System B.V. ("DDS"), the Netherlands holding company that owns all the stock of the JCF Group of Companies ("JCF"), in exchange for 385,601 shares of Common Stock of FactSet Research Systems Inc. and €40,000,000 in cash. The number of shares of common stock was determined based on the five day average closing market price of common stock surrounding the announcement date. In addition, up to €5,000,000 of contingent consideration will be payable if certain subscription targets are met by August 31, 2006. JCF is a supplier of global broker estimates to institutional investors. JCF provides investment professionals with customizable tools for accessing global broker estimates, analyzing detailed financial information and managing the automatic generation of research reports. This acquisition is consistent with the Company's strategy of controlling access to critical content used by its clients. This factor contributed to a purchase price in excess of fair value of the JCF net tangible and intangible assets, and as a result, the Company has recorded goodwill in connection with this transaction.

The total purchase price of the acquisition is as follows (in thousands):

Cash paid	$51,353
Fair value of FactSet common stock issued	12,093
Direct acquisition costs	2,043
Total purchase price	$65,489

Under the purchase method of accounting, the total estimated purchase price is allocated to the net tangible and intangible assets based upon their estimated fair value as of the date of the acquisition. Allocation of the purchase price to the assets acquired and liabilities assumed has not been finalized for this acquisition. Final determination of fair values to be assigned may result in adjustments to the preliminary estimated values assigned at the date of acquisition. The preliminary purchase price allocation is as follows (in thousands):

Tangible assets acquired	$ 12,700
Amortizable intangible assets:	
Customer relationships	4,800
Software technology	2,700
Data content	13,200
Trade name	1,000
Non-compete agreements	160
Goodwill	47,859
Total assets acquired	82,419
Liabilities assumed	(16,930)
Net assets acquired	$ 65,489

Intangible assets of $21.9 million have been allocated to amortizable intangible assets consisting of customer relationships, amortized over ten years using an accelerated amortization method; software technology, amortized over seven years using a straight-line amortization method; data content, amortized over twenty years using a straight-line amortization method; trade name, amortized over three years using a straight-line amortization method; and non-competition agreements, amortized between two and six years using a straight-line amortization method.

Goodwill totaling $47.9 million, included in the European segment, represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. In accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill will not be amortized and will be tested for impairment at least annually. Goodwill generated from the JCF acquisition is not deductible for income tax purposes.

The results of operations of the JCF Group of Companies have been included in the Company's consolidated statement of operations since the completion of the acquisition on September 1, 2004. The following unaudited pro forma information presents a summary of the results of operations of the Company assuming the acquisition of the JCF Group of Companies occurred at the beginning of the period presented (in thousands, except for per share amounts):

	Three Months Ended February 29, 2004	Six Months Ended February 29, 2004
Revenues	$ 65,882	$ 128,567
Net income	$ 14,949	$ 28,484
Basic earnings per common share	$ 0.30	$ 0.56
Diluted earnings per common share	$ 0.29	$ 0.54

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS – Unaudited

	Three Months Ended			Six Months Ended		
In thousands, except per share data	Feb 28, 2005	Feb 29, 2004	Change	Feb 28, 2005	Feb 29, 2004	Change
Revenues	$76,472	$61,371	24.6%	$150,535	$120,628	24.8%
Cost of services	21,293	18,198	17.0	43,300	36,073	20.0
Selling, general and administrative	28,147	21,671	29.9	54,358	42,014	29.4
Operating income	27,032	21,502	25.7	52,877	42,541	24.3
Net income	17,170	14,737	16.5	33,567	28,645	17.2
Diluted earnings per common share	$ 0.34	$ 0.29	17.2%	$ 0.67	$ 0.55	21.8%

REVENUES

Revenues for the second quarter of fiscal 2005 grew 24.6% to $76.5 million from $61.4 million for the quarter ended February 28, 2004. Excluding acquisitions since March 2004, revenues grew 14% for the second quarter of fiscal 2005 compared to the prior year period. For the first six months of fiscal 2005, revenues advanced 24.8% to $150.5 million from $120.6 million in the prior year period. The increase in revenues was driven by the inclusion of revenues from the operations of the JCF Group of Companies which was acquired on September 1, 2004, as well as continued demand for our value-added applications and databases.

For the second quarter of fiscal 2005, international revenues were $20.6 million, an increase of 66% from $12.4 million in the comparable prior year period. Excluding companies acquired, organic revenues grew 19% from non-US sources for the quarter ended February 28, 2005 compared to a year ago. European revenues increased 76%, largely due to the inclusion of revenues derived from the JCF acquisition. Revenues in Asia Pacific grew 31% from the same period a year ago. Revenues from international operations accounted for 26.9% and 20.2% of consolidated revenues for the second quarter of fiscal 2005 and 2004, respectively. Over 80% of our revenues are received in U.S. dollars.

Demand for our Portfolio Analytics applications rose during the second quarter of fiscal 2005. Our Portfolio Analytics applications serviced over 405 clients consisting of approximately 3,100 subscribers at February 28, 2005 compared to approximately 360 clients and 2,700 subscribers at February 29, 2004.

At the end of the second quarter of fiscal 2005, there were 1,437 clients who subscribed to FactSet services, an increase of 445 clients or 44.9% over the prior 12 months. Included in this rise was the net addition of 329 clients from the acquisition of the JCF Group of Companies. Passwords, a measure of users of our services, increased to 23,200 users as of February 28, 2005, up from 19,400 at the end of the second quarter of fiscal 2004. Approximately 2,000 of these passwords related to the acquisition of JCF. Approximately one quarter of our revenue is generated from our investment banking clients, with most of the remaining revenue derived from our investment management clients.

Total client subscriptions at February 28, 2005 rose to $307.6 million resulting in a year-over-year increase of 23.4% from the second quarter of fiscal 2004. Subscriptions at a given point in time represent the forward-looking revenues for the next twelve months from all services currently being supplied to our clients. At quarter end, the average subscription per client was $214,000, a decrease of 14.7% from an average of $251,000 a year ago. This decline was caused by the inclusion in the first quarter of fiscal 2005 of JCF's clients, whose average subscription levels have been significantly lower than FactSet's historical client base. International subscriptions were $82.2 million, representing over 27% of total client subscriptions.

JCF's overseas clients are billed in local currencies such as the British pound sterling and the Euro in the respective foreign jurisdictions, primarily the United Kingdom and France. Volatility in these and other currency may have either positive or negative effects on our total reported revenues. Presently, we do not engage in any currency hedging to mitigate any foreign currency volatility. The effect of currency movements on the second quarter's revenue was immaterial.

No individual client accounted for more than 5% of total subscriptions. Subscriptions from the ten largest clients did not surpass 25% of total client subscriptions. At February 28, 2005, client retention, as measured in terms of client subscriptions, remained at a rate in excess of 95%.

OPERATING EXPENSES

Cost of Services

During the second quarter of fiscal 2005, cost of services grew 17.0% to $21.3 million from $18.2 million in the prior year period. For the six months ended February 28, 2005, cost of services advanced 20.0% to $43.3 million from $36.1 million in the first half of fiscal 2004. The increase in cost of services for the three months and six months ended February 28, 2005 was caused primarily by the inclusion of expenses from JCF's operations as well as increases in employee compensation and benefits, data costs and amortization of intangible assets. These increases were partially offset by a reduction in computer-related expenses and communication costs.

Expenses related to employee compensation and benefits for our software engineering and consulting groups rose $1.4 million and $3.7 million for the three and six months ended February 28, 2005 compared to the prior year periods. Employee additions, merit increases, a shift in employees performing activities considered selling, general and administrative and the integration of JCF personnel with existing personnel were the primary drivers of the increase in employee compensation and benefits. Data costs grew $1.5 million and $3.4 million during the three and six months ended February 28, 2005 versus the prior year periods. The rise in data expenses was largely due to new costs from acquisitions included for the first time in second quarter expenses and incremental content costs associated with additional database subscriptions by clients. Amortization of intangibles assets increased in both the second quarter of fiscal 2005 and first half of fiscal 2005 compared to the same periods in fiscal 2004 due to increased amortization expense resulting from our recent acquisitions, principally JCF. Partially offsetting these component increases of cost of services was a decrease in computer-related expenses and communication costs resulting from favorable pricing trends from industry suppliers.

Selling, General and Administrative

For the three months ended February 28, 2005, selling, general, and administrative (SG&A) expenses advanced 29.9% to $28.1 million from $21.7 million in the second quarter of fiscal 2004. For the first half of fiscal 2005, selling, general, and administrative expenses rose 29.4% to $54.4 million from $42.0 million in the six months ended February 29, 2004. In addition to the inclusion of SG&A expenses associated with JCF's operations, higher employee compensation and benefits costs related to our employees other than our software engineers and consultants, increased travel and promotion, higher rent expense and amortization of leasehold improvements related to our various office facilities, offset by a reduction in miscellaneous expenses, were the main causes for the increase during the three and six months ended February 28, 2005.

Employee compensation and benefits expense expanded $4.8 million and $8.3 million during the second quarter and first half of fiscal 2005 compared to the prior year periods. The increase can be primarily attributed to more employees classified as SG&A over the past twelve months and the integration of JCF personnel as of the beginning of this most recent quarter. Travel and promotional expenses grew $1.2 million and $2.3 million during the three and six months ended February 28, 2005 as compared to the prior year periods. Travel and promotional expenses rose from new costs arising from the JCF acquisition and from our global sales conference held during the second quarter of fiscal 2005. Rent expense and amortization of leasehold improvements grew $1.1 million and $2.4 million in the three and six months ended February 28, 2005 versus the same period a year ago. These expenses increased primarily as a result of the consolidation of our three Connecticut offices into our new headquarters facility in Norwalk, Connecticut in late August 2004. Miscellaneous expenses declined in the second quarter and first half of fiscal 2005 compared to the prior year periods due to the reduction of certain non-income tax accruals after formal discussions with state tax authorities during the first six months of fiscal 2005.

Operating Margin

Second quarter 2005 operating margin was 35.3% compared to 35.0% for the same period in 2004. The operating margin for the first six months of fiscal 2005 was 35.1% compared to 35.3% in the first half of fiscal 2004. The increase in the operating margin during the second fiscal quarter of 2005 is largely due to decreases in computer-related costs, communication costs and miscellaneous expenses, partially offset by increases in employee compensation and benefits, data costs and amortization of intangible assets as a percentage of total revenues. The decrease in the operating margin during the first six months of fiscal 2005 was the result of increases in employee compensation and benefits, data costs, travel and promotional expenses and amortization of intangible assets, partially offset by decreases in computer-related costs, communication costs and miscellaneous expenses as a percentage of total revenues.

Income Taxes

For the three and six months ended February 28, 2005, income tax expense grew to $10.1 and $19.7 million from $7.5 and $15.3 million in the comparable prior year periods. The effective tax rate for the second quarter of fiscal 2005 was 37.0% versus 33.6% in the prior year period. The effective tax rate for the first six months of fiscal 2005 was 37.0% versus 34.8% in the prior year period. The increase in the effective tax rate is due to changes in federal tax legislation as well as an increase in the number of states in which the Company is considered to be conducting business. Included in the effective tax rate in the three and six months ended February 29, 2004 was a tax benefit of $776,000 recognized in the quarter ended February 29, 2004, which related primarily to the settlement of prior year tax returns for certain state credits.

In December 2004, the FASB issued FSP No. 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004.” The FSP provides guidance under FAS No. 109, “Accounting for Income Taxes,” with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the “Jobs Act”) on enterprises’ income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004. FSP No 109-2 states that companies are allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying FAS No. 109. We are currently evaluating the effects of the repatriation provision; however, we do not expect to complete this evaluation until after Congress or the Treasury Department provides clarification on key elements of the repatriation provision. We do not expect the adoption of these provisions to have a material impact on our financial position, results of operations or cash flows.

Business Combinations

On January 4, 2005, we acquired TrueCourse, Inc., a provider of corporate takeover defense intelligence, for $7.7 million. The purchase price includes a payment of $6.0 million and 44,613 shares of our common stock valued at $1.7 million. The number of shares of common stock was determined based on the five day average of the market closing price of our common stock prior to the acquisition date, including January 4, 2005. TrueCourse provides a proprietary database of corporate takeover defense profiles to investment banks, institutional money managers and law firms. This acquisition is consistent with our strategy of controlling access to critical content used by our clients. This factor contributed to a purchase price in excess of fair value of the TrueCourse net tangible and intangible assets. As a result, we have recorded goodwill in connection with this transaction. The weighted average life of the intangible assets is 6.1 years. Goodwill generated from the TrueCourse acquisition is deductible for income tax purposes.

The preliminary purchase price allocation is as follows (in thousands):

THOUSANDS	January 4, 2005
Tangible assets	$ 430
Amortizable intangible assets:	
Customer relationships	736
Software technology	298
Data content	919
Trade name	191
Non-compete agreements	132
Goodwill	5,348
Total assets acquired	8,054
Liabilities assumed	(338)
Net assets acquired	$ 7,716

Operating results of TrueCourse have been included in our financial statements from the date of acquisition. Pro forma statements of income have not been presented because the effect of this acquisition was not material on our consolidated financial results.

On September 1, 2004, pursuant to a stock purchase agreement dated as of June 29, 2004, we acquired from Decision Data Luxembourg S.A., all the outstanding stock of Decision Data System B.V. (“DDS”), the Netherlands holding company that owns all the stock of the JCF Group of Companies (“JCF”), in exchange for 385,601 shares of Common Stock of FactSet Research Systems Inc. and €40,000,000 in cash. The number of shares of common stock was determined based on the five day average closing market price of our common stock surrounding the announcement date. In addition, up to €5,000,000 of contingent consideration will be payable if certain subscription targets are met by August 31, 2006. JCF is a supplier of global broker estimates to institutional investors. JCF provides investment professionals with customizable tools for accessing global broker estimates, analyzing detailed financial information and managing the automatic generation of research reports. This acquisition is consistent with our strategy of controlling access to critical content used by our clients. This factor contributed to a purchase price in excess of fair value of the JCF net tangible and intangible assets, and as a result, we have recorded goodwill in connection with this transaction.

The total purchase price of the acquisition is as follows (in thousands):

Cash paid	$51,353
Fair value of FactSet common stock issued	12,093
Direct acquisition costs	2,043
Total purchase price	$65,489

Under the purchase method of accounting, the total estimated purchase price is allocated to the net tangible and intangible assets based upon their estimated fair value as of the date of the acquisition. Allocation of the purchase price to the assets acquired and liabilities assumed has not yet been finalized for this acquisition. Final determination of fair values to be assigned may result in adjustments to the preliminary estimated values assigned at the date of acquisition. The preliminary purchase price allocation is as follows (in thousands):

Tangible assets acquired	$ 12,700
Amortizable intangible assets:	
Customer relationships	4,800
Software technology	2,700
Data content	13,200
Trade name	1,000
Non-compete agreements	160
Goodwill	47,859
Total assets acquired	82,419
Liabilities assumed	(16,930)
Net assets acquired	$ 65,489

Intangible assets of $21.9 million have been allocated to amortizable intangible assets consisting of customer relationships, amortized over ten years using an accelerated amortization method; software technology, amortized over seven years using a straight-line amortization method; data content, amortized over twenty years using a straight-line amortization method; trade name, amortized over three years using a straight-line amortization method; and non-competition agreements, amortized between two and six years using a straight-line amortization method.

Goodwill totaling $47.9 million represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. In accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill will not be amortized and will be tested for impairment at least annually. Goodwill generated by the JCF acquisition is not deductible for income tax purposes.

The results of operations of the JCF Group of Companies have been included in our consolidated statement of operations since the completion of the acquisition on September 1, 2004. The following unaudited pro forma information presents a summary of our results of operations assuming the acquisition of the JCF Group of Companies occurred at the beginning of the period presented (in thousands, except for per share amounts):

	Three Months Ended February 29, 2004	Six Months Ended February 29, 2004
Revenues	$ 65,882	$ 128,567
Net income	$ 14,949	$ 28,484
Basic earnings per common share	$ 0.30	$ 0.56
Diluted earnings per common share	$ 0.29	$ 0.54

Liquidity

Cash generated by operating activities in the first six months of fiscal 2005 was $18.3 million, a decrease of $14.5 million over the comparable period in last fiscal year. The decrease in cash flow from operating activities was mainly due to growth in accounts receivable, reduced landlord contributions, decreases in accounts payable and lower current taxes payable partially offset by higher levels of net income as adjusted for non-cash items, increased deferred fees and greater income tax benefits derived from employee exercises of stock options.

The increase in accounts receivable was driven by our transition to Goldman Sachs & Co. as our sole clearing broker effective January 1, 2005, additional time necessary to implement a new subscription order entry system and JCF's practice to invoice clients in advance of services.

FactSet Data Systems, our broker dealer subsidiary, has employed Goldman Sachs & Co. ("Goldman") to clear our client's trades as of January 1, 2005. The levels of trading activity was below our historical norms during January and February of 2005 as some clients were still opening new accounts and establishing new trading relationship contacts within Goldman. Client payments through Goldman were $4.0 million below our historical average for a two month period ending February 28th.

During the 2nd quarter of fiscal 2005, a new subscription order entry system was put into service. Additional time was required to verify subscriptions orders were properly recorded. This important step delayed mailing of client invoices dated January 31st by 14 days. The Company chose to replace our ten year old order entry system as part of the plan for compliance with Section 404 of the Sarbanes Oxley Act of 2002.

As previously reported, FactSet acquired JCF Group of Companies on September 1, 2004. JCF invoices its clients annually in advance and, at the time of invoicing, a receivable is recorded. Forty-two percent of JCF's clients were invoiced in advance during the second quarter of fiscal 2005. We expect receivables from JCF clients to decline as this peak of advanced billings is cycled through the normal payment process.

In comparing our account receivable aging between November 30, 2004 and February 28 2005, 30% percent of the accounts receivable increase during the quarter is less than thirty days old and 77% is less than sixty days old. Our actual bad debt write offs has and continues to be extremely low.

Capital Expenditures

Capital expenditures for the six months ended February 28, 2005 totaled $9.0 million. Approximately one-quarter of the capital expenditures related to the purchase of technology assets while the remainder was directed toward the acquisition of leasehold improvements and furniture and fixtures, primarily for our new headquarters facility in Norwalk, Connecticut.

Financing Operations and Capital Needs

Cash, cash equivalents and investments totaled $63.4 million or 21.2% of the Company's total assets at February 28, 2005. Our cash, cash equivalents and investments declined year over year as a result of the acquisitions of TrueCourse, JCF and CallStreet, coupled with the expenditures required to build out our new headquarters facility as well as our repurchase of 1,500,000 shares of our common stock from one of our co-founders at an aggregate cost of $38.1 million during the third quarter of fiscal 2004. All our operating and capital expense requirements were financed entirely from cash generated from our operations. We have no outstanding indebtedness.

Revolving Credit Facilities

In fiscal 2005, we renewed our three-year credit facility and continued to maintain our existing 364-day revolving credit facility. The credit facilities are available in an aggregate principal amount of up to $25.0 million for working capital and general corporate purposes, with the facilities split into two equal tranches and maturing in March 2006 and March 2008. Approximately $3.1 million in aggregate of these credit facilities has been utilized for letters of credit issued during the ordinary course of business as of February 28, 2005. We are obligated to pay a commitment fee on the unused portion of the facilities at a weighted average annual rate of 0.125%. The facilities also contain covenants that, among other things, require us to maintain minimum levels of consolidated net worth and certain leverage and fixed charge ratios.

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Share Repurchase Program

On July 16, 2002, the Board of Directors authorized a share repurchase program to acquire shares of our outstanding common stock in open market or negotiated transactions. This program authorized the repurchase of up to 1,500,000 shares of our common stock. The program established no minimum number of shares for repurchase. During the first half of fiscal 2005, we did not repurchase any shares. Since the inception of the stock repurchase program, we have purchased approximately 1,158,000 shares at an average cost of $17.76 per share under this program.

Shares of common stock and related per share amounts give retroactive effect for stock splits. A three-for-two common stock split, effected as a stock dividend, occurred on February 4, 2005.

Stock-Based Compensation

We follow the disclosure-only provisions of Financial Accounting Standards Board Statement No. 123 (“SFAS 123”), *Accounting for Stock-Based Compensation*. In December 2002, the Financial Accounting Standards Board issued Statement No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure.* This statement provides alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. The statement also amends the disclosure requirements of SFAS 123, to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock based employee compensation and the effect of the method used on reported results. As permitted by SFAS 123, we account for our stock option and employee stock purchase plans under APB Opinion No. 25, under which no compensation cost has been recorded. Stock option exercise prices equal the fair market value of our stock price on the date of grant; thus no compensation costs are recorded. Had compensation cost for our stock option plans and employee stock purchase plan been determined pursuant to the measurement principles under SFAS 123, our net income and earnings per share would have been reduced to the following pro forma amounts for the three and six months ended February 28, 2005 and February 29, 2004:

	Three Months Ended		Six Months Ended	
(In Thousands, except per share data)	**February 28, 2005**	**February 29, 2004**	**February 28, 2005**	**February 29, 2004**
Net income, as reported	$ 17,170	$ 14,737	$ 33,567	$ 28,645
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,783)	(1,976)	(3,666)	(3,399)
Pro forma net income	$ 15,387	$ 12,761	$ 29,901	$ 25,246
Basic - as reported	$ 0.36	$ 0.30	$ 0.70	$ 0.57
Basic - pro forma	$ 0.32	$ 0.26	$ 0.63	$ 0.50
Diluted - as reported	$ 0.34	$ 0.29	$ 0.67	$ 0.55
Diluted - pro forma	$ 0.31	$ 0.25	$ 0.60	$ 0.48

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model. The following weighted average assumptions were used for the grant in the first six months of fiscal 2005 and 2004:

STOCK OPTION PLANS

Six months ended	February 28, 2005	February 29, 2004
Risk-free interest rate	3.51%	2.57%
Expected life	5.4 years	4.1 years
Expected volatility	46%	50%
Dividend yield	0.5%	0.7%

EMPLOYEE STOCK PURCHASE PLAN

Six months ended	February 28, 2005	February 29, 2004
Risk-free interest rate	2.52%	0.97%
Expected life	3 months	3 months
Expected volatility	33%	28%
Dividend yield	0.5%	0.6%

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued its final standard on accounting for share-based payments (SBP), FASB Statement No. 123R (revised 2004) ("FAS 123R"), *Share-Based Payment*, that requires companies to expense the value of employee stock options and similar awards. The standard is effective for public companies for interim and annual periods beginning after June 15, 2005, and applies to all outstanding and unvested SBP awards at a company's adoption date. We are currently evaluating option valuation methodologies and assumptions in light of FAS 123R related to employee stock options.

In March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB 107"), *Share-Based Payment*, which provides interpretive guidance related to the interaction between SFAS 123R and certain SEC rules and regulations, as well as provides the SEC staff's views regarding the valuation of share-based payment arrangements. We are currently assessing the impact of SAB 107 on our implementation and adoption of SFAS 123R.

Critical Accounting Policies

Our accounting policies, which are in compliance with accounting principles generally accepted in the United States, require us to apply methodologies, estimates and judgments that have a significant impact on the results we report in our financial statements. In our annual report on Form 10-K, we have discussed those policies that we believe are critical and require the use of judgment in their application. Since the date of that Form 10-K, there have been no material changes to our critical accounting policies or the methodologies or assumptions applied under them.

Forward-Looking Factors

Business Outlook

The following forward-looking statements reflect our expectations as of April 11, 2005. Given the number of risk factors, uncertainties and assumptions discussed below, actual results may differ materially. We do not intend to update our forward-looking statements until our next quarterly results announcement, other than in publicly available statements.

Third Quarter Fiscal 2005 Expectations

- Revenues are expected to range between $77.0 million and $80.0 million
- Operating margins are expected to range between 34.0% and 35.0%.
- The effective tax rate is expected to range between 36.8% and 37.4%.

Full Year Fiscal 2005

- Capital expenditures should total approximately $22.0 million.

Recent Developments

Ernest S. Wong, on March 1, 2005, stepped down from his position as Senior Vice President, Chief Financial Officer, Secretary and Treasurer of FactSet. On March 1, 2005, Peter G. Walsh was appointed Chief Financial Officer and Treasurer of the Company.

On March 1, FactSet entered into a resignation, separation of employment and general release agreement with Ernest S. Wong, the Company's former Chief Financial Officer, pursuant to that agreement, Mr. Wong will continue to be an employee of the Company until December 30, 2005. During that period he will provide advisory and consultative services to the finance department. Under the terms of the agreement, Mr. Wong received: (i) a payment of $112,500 on or before March 4, 2005; and will receive (ii) periodic payments totaling approximately $134,000 on or before December 30, 2005; and (iii) approximately $5,500 on December 30, 2005. In addition, the agreement provides for a release of claims by Mr. Wong and the Company and other terms and conditions customary for agreements of this nature.

On March 1, an oral agreement between the Company and Peter G. Walsh, the Company's Chief Financial Officer, became effective that amended an existing letter agreement with the Company dated September 20, 1999 (the "Letter Agreement"). Under the terms of the amendment, Mr. Walsh's annual salary will increase to $225,000, his bonus opportunity will range from $250,000 to $300,000 for fiscal year 2005 and he is expected to be the fourth ranked officer of the Company. In addition, Mr. Walsh will be granted options for FactSet common stock with a grant value of approximately $2 million, such grant to be issued at the time of regular option grants for fiscal year 2005, after approval by the Company's board of directors. The amendment reaffirmed the Letter Agreement, which remains in effect and which can be superseded by a written agreement only if all other officers of the Company ranked more highly than Mr. Walsh also enter into written employment agreements with the Company. The Letter Agreement grants to Mr. Walsh: (i) a payment equal to his compensation in the prior twelve months if his employment is terminated without cause; and (ii) a payment equal to twice his compensation in the prior twelve months and benefits for 24 months in the event of a change of control of the Company.

Recent Market Trends

We are exposed to various economic and financial risks associated with equity and foreign currency markets as well as risks related to interest rate fluctuations during the normal course of business. The major equity indices (for example S&P 500, Russell 2000®, Nasdaq Composite®, and MSCI European Index) have experienced significant volatility during the past five years. Continued volatility in general economic and market conditions is still possible in the near future. External factors such as the threat of terrorist activities or rising energy prices could undermine any potential continued economic recovery. A decline in the worldwide markets could adversely impact a significant number of our clients (primarily investment management firms and investment banks) and increase the likelihood of personnel and spending reductions among our existing and potential clients. Continued investigations into the investment management industry by various regulatory bodies could have an adverse effect on our business. A policy of persistent interest rate increases adopted by the Federal Reserve Bank and/or continued inflationary pressures could derail the current economic recovery and adversely affect the operations of our clients. In addition, changes to regulations regarding soft dollar payments could have a negative impact on our operations.

The fair market value of our investment portfolio at the February 28, 2005 was $26.0 million. It is anticipated that the fair market value of our portfolio will continue to be immaterially affected by fluctuations in interest rates. Preservation of principal is the primary goal of our investment portfolio. Pursuant to our established investment guidelines, third-party managers construct portfolios to achieve high levels of credit quality, liquidity and diversification. Our investment policy dictates that the weighted-average duration of short-term investments may not exceed two years. Our investment guidelines do not permit us to invest in puts, calls, strips, short sales, straddles, options or futures, nor are we permitted to invest on margin. Because we have no outstanding long-term indebtedness and we have a restrictive investment policy, our financial exposure to fluctuations in interest rates is expected to remain low.

Taxes

In the normal course of business, our tax filings are subject to audit by federal, state and foreign tax authorities. Audits by four tax authorities are currently ongoing. There is inherent uncertainty in the audit process. We make our best estimate of probable liabilities that may exist and record an estimate. We have no reason to believe that such audits will result in the payment of additional taxes or penalties or both that would have a material adverse effect on our results of operations or financial position, beyond current estimates.

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 our strategy for growth, product development, market position, subscriptions and expected expenditures and financial results are forward-looking statements. Forward-looking statements may be identified by words like "expected," "anticipates," "plans," "intends," "projects," "should," "indicates," "continues," "subscriptions," "commitments" 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. We will publicly update forward-looking statements as a result of new information or future events in accordance with applicable Securities and Exchange Commission regulations.

Future factors include, but are not limited to, our ability to hire and retain qualified personnel; the maintenance of our leading technological position; the impact of global market trends on our revenue growth rate and future results of operations; the negotiation of contract terms supporting new and existing databases or products; retention of key clients and their current service levels; increased competition in our industry; the successful resolution of ongoing and other probable audits by tax authorities; the continued employment of key personnel; the integration of acquired businesses; 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate risk primarily through our portfolio of cash, cash equivalents and investments. Cash and cash equivalents consist of demand deposits and money market investments with maturities of 90 days or less. Our investment portfolio, which is designed for the preservation of principal, consists of U.S. Treasury notes and bonds, corporate bonds and municipal bonds. The investment portfolio is subject to interest rate risk as investments are sold or mature and are reinvested at current market rates. Derivative financial instruments are not permitted by our investment guidelines.

ITEM 4. CONTROLS AND PROCEDURES

Within 90 days prior to the filing date of this report, the Company's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls, subsequent to the date of such evaluation.

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Part II OTHER INFORMATION

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

The Annual Meeting of Shareholders of FactSet Research Systems Inc. was held on December 21, 2004.

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

Director	Term	For	Withhold Authority
Joseph E. Laird	3 yrs.	28,664,242	1,554,557
James J. McGonigle	3 yrs.	28,921,303	1,297,496
Charles J. Snyder	3 yrs.	29,070,684	1,148,115

2. To approve the 2004 Stock Option and Award Plan

For	21,680,553
Not for	4,262,747
Abstain	890,333
No Vote	3,385,166

3. The appointment of PricewaterhouseCoopers LLP as the registered public accounting firm for the Company was ratified:

For	29,492,788
Not for	705,403
Abstain	20,608

Item 6. Exhibits

(a) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
10.1	Resignation, Separation of Employment and General Release Agreement dated as of March 1, 2005, between FactSet Research Systems Inc. and Ernest S. Wong
10.2	Severance Agreement dated as of September 20, 1999 between FactSet Research Systems Inc. and Peter G. Walsh
10.3	Second Amendment to Three Year Credit Agreement, dated November 30, 2004
10.4	Fifth Amendment to 364-Day Credit Agreement, dated November 30, 2004
10.5	Amendment to 364-Day Credit Agreement, dated March 23, 2005
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FACTSET RESEARCH SYSTEMS INC.
Registrant

Date: April 11, 2005

/s/ PETER G. WALSH

Peter G. Walsh
Senior Vice President, Chief Financial Officer and Treasurer

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EXHIBIT INDEX

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31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer

**RESIGNATION, SEPARATION OF EMPLOYMENT
AND GENERAL RELEASE AGREEMENT**

RESIGNATION, SEPARATION OF EMPLOYMENT AND GENERAL RELEASE AGREEMENT (the **Agreement**) dated as of March 1, 2005 between FactSet Research Systems Inc., a Delaware corporation (the **Company**), and Ernest S. Wong (**Executive**).

WITNESSETH:

WHEREAS, the Executive is currently employed by the Company in the capacity of Chief Financial Officer (**CFO**);

WHEREAS, the Company and the Executive have mutually agreed that the Executive will resign from his position as CFO of the Company (and any other officer positions he currently holds at the Company), effective as of March 1, 2005 (the **Resignation Date**), but will serve in a transition capacity assisting the new CFO from March 1, 2005 through March 31, 2005 and thereafter remain an employee of the Company through December 30, 2005 or such earlier date as may be mutually agreed by the Company and the Executive;

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter set forth the sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows:

Resignation. Effective as of the Resignation Date, the Executive shall resign from the Executive's position as CFO of the Company and from all other officer positions which the Executive may hold with the Company, its subsidiaries or affiliates, and the Company accepts such resignation.

Status. From the Resignation Date through December 30, 2005 unless earlier terminated as provided herein (the Termination Date), the Executive shall remain on the payroll of the Company as a non-officer employee providing such services to the Company as the Company may reasonably request from time to time.

Payments.

Upon signing of this Agreement, the Executive shall receive a lump sum payment in the amount of $112,500.00 to be paid no later than March 4, 2005. The Executive shall continue to receive base salary payments through the Termination Date payable in bi-weekly installments commencing with the pay period ending March 11, 2005 and running through the pay period ending December 30, 2005, as follows:

for each remaining bi-weekly pay period through the bi-weekly pay period ending March 25 2005, the Executive shall be paid $8,653.85;

for the bi-weekly pay period ending April 8, 2005, the Executive shall be paid $7,211.54; and

for the bi-weekly pay period ending April 22, 2005 and for each subsequent bi-weekly pay period through the bi-weekly pay period ending as of the Termination Date, the Executive shall be paid $5,769.23.

On the Termination Date, the Executive will receive a lump sum payment equal to $5,481.30, plus, if the Termination Date is prior to December 30, 2005, $1,827.10 for each month by which the Termination Date precedes December 30, 2005 (prorated for partial months).

All payments will be made to the Executive on or prior to the Termination Date to the extent reasonably practicable but in no event later than December 30, 2005. All payments will be subject to applicable withholding taxes.

Stock Options. The Executive shall continue to vest in his currently outstanding stock options through the Termination Date. Once vested, a vested option shall remain exercisable until three (3) months following the Executive's Termination Date in accordance with the terms of the Company's option plans. If termination of the Executive's employment prior to the Termination Date is due to the Executive's death or disability, then the vested option shall remain exercisable for twelve (12) months after the date of the Executive's termination due to death or disability or such longer period as may be provided under the applicable stock option plan and/or award agreements. The terms of the Company's option plans and the option agreements issued thereunder shall govern.

Benefits. The Executive will continue to be eligible to participate in the Company's health, life and disability insurance programs he participates in as of the date of this Agreement through the Termination Date. After the Termination Date, the Executive will be covered under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended (COBRA), and, if the Executive elects COBRA coverage, the Executive shall be responsible for all premium payments to be made for continuation of health coverage under COBRA.

Termination of Employment Prior to the Termination Date Due to the Executive's Death or Disability. In the event that the Executive's employment with the Company is terminated prior to the Termination Date due to the Executive's death or disability (within the meaning of the Company's long-term disability plan), the balance of the salary payments described in Section 3 above (excluding section 3(b) in the event of termination due to disability) shall be paid to the Executive or, in the case of the Executive's death, to the Executive's spouse (or, if the Executive's spouse does not survive him, to the legal representative of the Executive's estate), in a lump sum.

Termination by the Company or the Executive For Any Reason Other Than Death or Disability Prior to the Termination Date. In the event that the Executive's employment with the Company is terminated prior to December 30, 2005 by the Company or the Executive for any reason other than the Executive's death or disability (as defined in Section 6 above), (i) the Executive shall be entitled to any earned but unpaid salary payments through the date of his termination; (ii) the Executive shall receive, in a lump sum payment, all remaining salary and other payments otherwise payable (but for such termination) through the payroll period ending December 30, 2005 as provided in Section 3 hereof; (iii) the Executive shall receive the lump sum payment provided in Section 3(b) hereof; (iv) the Executive's health, life and disability coverage shall cease as of the Termination Date, subject to any applicable COBRA rights and to any other applicable assumption or continuation rights (if any) that the Executive may have; and (v) all options not currently vested as of the Termination Date shall be forfeited by the Executive as of such date, and all vested options as of such Termination Date shall remain vested and exercisable and shall be governed by the terms of the applicable stock option plan and/or award agreements governing such options under such termination conditions.

Return of Company Property. The Executive agrees that prior to the Termination Date, the Executive will return all property of the Company which is then in his possession, including, but not limited to, any laptop computer, documents, contracts, agreements, correspondence, plans, photographs, books, notes, electronically stored data and all copies of the foregoing, provided that the Executive shall be entitled to retain copies of any documents or records relating to his employment by the Company or his compensation and benefits as an employee of the Company, as well as any personal files or journals. In the event that the Executive should subsequently discover that he inadvertently failed to return any property to the Company, he shall then promptly do so.

Confidentiality. The Executive agrees that he will not disclose or cause to be disclosed any confidential non-public information or documents relating to the operations or business of the Company. The Company and the Executive shall keep the terms of this Agreement confidential. However, nothing herein shall prevent the Company or the Executive from disclosing the terms of this Agreement if required to do so under applicable law or regulation or by a court of competent jurisdiction, or preclude the Executive from discussing such terms or any related issue or matter with his attorney, accountant, other professional advisor, spouse or prospective employer, provided that each such person with whom the Executive discusses such terms or related issue or matter agrees to be bound by this confidentiality provision.

No Disparagement; Reference. The Executive agrees that he will not make any negative, disparaging or derogatory statements to anyone, whether oral or written, with respect to the Company, including, but not limited to, statements with respect to the Company's products or services or with respect to any of the Company's current or former officers, directors, employees, attorneys and accountants. The Company will not disparage or denigrate the Executive. Each party's obligations under this Section 10 shall be subject to the last sentence of Section 9 hereof. However, nothing herein shall preclude either party hereto from responding to any regulatory or legal inquiry.

Waiver and Release.

Waiver and Release by the Executive. Subject to the exceptions set forth below, the Executive, on behalf of himself and all heirs, personal representatives, and assigns, forever and unconditionally waives, releases and discharges the Company, its parent and subsidiary corporations, predecessors and successors and their respective subsidiaries and affiliates and, in their capacities as such, their respective officers, directors, employees, stockholders, agents and representatives (each a Releasee and together, the Releasees) from any and all claims (including, but not limited to, those relating to attorney fees), whether known or unknown, and regardless of type, cause or nature, which the Executive had, now has, or hereafter may have, arising from the Executive's employment with the Company to date or his termination therefrom as provided under this Agreement, including, without limitation, all claims arising in relation to salary, vacation, insurance, bonus, equity (including, but not limited to, all outstanding options granted to the Executive pursuant to the stock option plans and/or award agreements of the Company, its parent or subsidiary corporations or affiliates or otherwise) and all other benefit plans, all federal and state anti-discrimination (including the Age Discrimination in Employment Act (ADEA)), civil rights and human rights laws; provided, however, that this waiver and release shall not apply with respect to a claim arising in the future to the extent that such waiver and release would be contrary to applicable law (including, without limitation, ADEA). Notwithstanding the foregoing, the Executive does not waive any rights that the Executive had, now has or may hereafter have to enforce the payment and other terms of this Agreement (including, without limitation, Sections 3 through 7 above), or any vested rights that the Executive has under the Company's employee benefit plans (including, without limitation, the 401(k) Plan). The Executive's right to receive the protection of indemnification and/or contribution as an officer, director and/or employee of the Company with respect to any liability incurred by the Executive as an officer, director or employee of the Company, as well as the Executive's right to coverage under any Company liability insurance policies is expressly excluded from the foregoing release and, in each case, shall remain in effect.

Waiver and Release by the Company. The Executive represents to the Company that he has not knowingly engaged in any activity in connection with his employment by the Company that would give rise to a claim by the Company, its affiliates and their respective shareholders against the Executive. Subject to the accuracy of the Executive's representation, the Company, on behalf of itself and its parent and subsidiary corporations, and predecessors, successors and assigns, hereby forever and unconditionally waives, releases and discharges Executive and his heirs, personal representatives and assigns from any and all claims, whether known or unknown, and regardless of the type, cause or nature, that the Company and its parent and subsidiary corporations, and predecessors and successors and assigns had, now have or may hereafter have against the Executive arising from the Executive's employment with the Company to date or his termination therefrom as provided under this Agreement, except to the extent that such waiver would be contrary to applicable law.

Second Waiver and Release. The Executive and the Company agree to provide to each other a second waiver and release as of the Termination Date on the same terms as provided in this Section 11 covering the period from the date hereof through the Termination Date.

The Executive's and the Company's Representations and Promises.

Pursuit of Released Claims: The Executive represents that he has not and will not in the future file any lawsuit, complaint, or charge against any Releasee based on the claims released in this Agreement, subject to the exceptions set forth in Section 11 above. The Company represents that it has not and will not in the future file any lawsuit, complaint, or charge against the Executive based on the claims released in this Agreement, subject to the exceptions set forth in Section 11 above.

Ownership of Claims: The Executive has not assigned or transferred any claim the Executive is releasing, nor will the Executive do so or attempt to do so. The Company (and its parent corporation, subsidiaries, affiliates, predecessors, successors and assigns) has not assigned or transferred any claim the Company (or any such other entity) is releasing, nor will the Company (or any such other entity) do so or attempt to do so.

Non-Admission of Liability: Each party agrees not to assert that this Agreement is an admission of guilt or wrongdoing since the releasees do not believe or admit that any of them has done anything wrong.

Implementation: The Executive and the Company each agree to sign any documents and do anything else that is reasonably necessary in the future to implement this Agreement.

ADEA Release Requirements Have Been Satisfied: The Executive acknowledges and agrees that the payments provided by the Company are in part consideration for the waivers and release by the Executive under Section 11 of any and all claims that he may have or allege to have under ADEA with respect to his service to date. The Executive understands that this Agreement had to meet certain requirements to validly release any ADEA claims the Executive might have had, and the Executive represents that all such requirements were satisfied. These requirements are (1) that the Executive entering into this Agreement had to be knowing and voluntary (i.e., free from fraud, duress, coercion, or mistake of fact); (2) this Agreement had to be in writing and understandable; (3) the Agreement had to explicitly waive current ADEA claims; (4) the Agreement could not have waived future ADEA claims; (5) the Agreement must have been paid for with something to which the Executive was not already entitled; (6) the Company had to advise the Executive in writing to consult an attorney; and (7) the Company had to give the Executive a reasonable period of time in which to consider his ADEA release.

Consequences of Violating the Executive's or the Company's Representations and Promises. Without limiting the rights either party may have hereunder, the Executive and the Company each agrees to pay any and all reasonable attorneys' fees that the other may incur as a result of the knowing breach of a representation or promise made in this Agreement not to sue a releasee over a released claim, or if any representation made in this Agreement was knowingly and materially false when made.

Acknowledgement. The Executive acknowledges that, before signing this Agreement, the Executive was given at least 21 days to review and consider this Agreement. The Executive further acknowledges that: (a) the Executive took advantage of this period to consider this Agreement before signing it; (b) the Executive carefully read this Agreement; (c) the Executive fully understands it; (d) the Executive is entering into it voluntarily; and (e) the Executive is receiving valuable consideration in exchange for his execution of the waiver and release provided in Section 11 hereof which he would not otherwise be entitled to receive. The Executive further acknowledges that the Company strongly encouraged him to discuss this Agreement with an attorney before signing it and that, to the extent that the Executive deemed it appropriate, the Executive did so.

Entire Agreement. This Agreement is the entire agreement between the Executive and the Company with respect to the subject matter herein; it may not be modified or canceled in any manner except by a writing signed by both parties. The Executive acknowledges that the Company has made no promises to him other than those found in this Agreement. Nothing herein should be construed as affecting the Company's and the Executive's respective rights and obligations under the options to acquire Company stock which were previously awarded to the Executive by the Company. If any provision of this Agreement is found to be unenforceable, all other provisions will remain fully enforceable.

Cooperation on Tax Consequences. In the event that it is determined that any payment or benefit provided hereunder would subject the Executive or the Company to any adverse tax consequences under Section 409A of the Internal Revenue Code of 1986, as amended, the Company and the Executive shall use their reasonable best efforts to restructure the affected payment or benefit to such adverse tax consequences, provided that any such restructuring does not increase the cost to the Company of providing such payment or benefit.

Successors. This Agreement binds the Executive and his heirs, administrators, representatives, executors, successors, and assigns, and the Company and its parent corporation, predecessors, successors and assigns and will inure to the benefit of all releasees and their respective heirs, administrators, representatives, executors, successors, and assigns.

Headings. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Connecticut without regard to conflicts of law principles of such state.

Arbitration of Claims.

Arbitrable Claims or Disputes: The Company and the Executive agree to resolve any claims they may have with each other (except, if either the Executive or the Company so elects, any dispute for which injunctive relief is a principal remedy) through final and binding arbitration in accordance with this section. The Executive also agrees to resolve in accordance with this section any claim covered by Section 11 hereof between the Executive and any other Releasee who offers or agrees to arbitrate the claim in this manner. This arbitration requirement applies to, among other things, disputes about the validity, interpretation, or effect of this Agreement or alleged violations of it.

Arbitration: The arbitration shall be in accordance with the then-current arbitration rules and procedures for contract disputes governing arbitrations administered by the Judicial Arbitration and Mediation Service (JAMS), except as provided in this section. Arbitration shall take place in Stamford, Connecticut before an experienced contract arbitrator licensed to practice law in that state who has been selected in accordance with subsection (c). The arbitrator may not modify or change this Agreement in any way. The Executive, the Company, and any Releasee who agrees to arbitrate an arbitrable dispute under this Section 20 agrees to submit to personal jurisdiction in the State of Connecticut for such arbitration and in any jurisdiction necessary for the enforcement of any arbitration award. The Executive represents that Stamford, Connecticut is a convenient dispute resolution location for him.

Selection of the Arbitrator: The arbitrator shall be selected as follows: JAMS shall give each party a list of 11 arbitrators drawn from its panel of contract dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of both parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of both parties, the parties shall strike names alternately from the list of common names until only one remains. The party who did not initiate the claim shall strike first. If no common name exists on the lists of both parties, JAMS shall furnish an additional list and the process shall be repeated. If no arbitrator has been selected after two lists have been distributed, then the parties shall strike alternately from a third list, with the party initiating the claim striking first, until only one name remains. That person shall be designated as the arbitrator. Striking decisions must be made and communicated to the other party and JAMS within 10 calendar days after the date of the transmittal communication relaying the arbitrators remaining for selection. In the event a party does not make a timely strike, the other party may select the arbitrator from the names remaining.

Fees and Expenses: Each party shall pay the fees of his or her attorneys, the expenses of his or her witnesses, and any other expenses that party incurs in connection with the arbitration, but all costs of the arbitration itself, including the fees of the arbitrator, the cost of any record or transcript of the arbitration, administrative fees, and other fees and costs shall be paid in equal shares by both parties. At the Executive’s written request and on a showing of substantial hardship, the Company shall advance all or a portion of the Executive’s share of those arbitration costs to the extent they would exceed the out-of-pocket costs the Executive would have incurred in a lawsuit. Notwithstanding the above, if the Executive prevails in whole or in part on any material claim which is a subject of the arbitration, the Company shall reimburse all of the Executive’s legal fees and expenses reasonably incurred.

Exclusive Remedy: Arbitration in this manner shall be the exclusive remedy for any claim that must be arbitrated pursuant to this section. Should Executive or the Company attempt to resolve such a claim by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and reasonable attorneys’ fees incurred as a result of that breach.

Revocation. In accordance with the Executive’s rights under ADEA, the Executive shall have seven days from the date of execution of this Agreement in which to determine whether to revoke the Agreement. To revoke this Agreement, the Executive must provide a written notice of revocation to the general counsel of the Company. If the Executive timely revokes this Agreement, the Agreement shall be null and void ab initio and of no further force or effect.

22. Authority to Sign. The Company represents that the individual signing on behalf of the Company was duly authorized to do so.

Please carefully read and consider all of the provisions of this Release before signing it. This Release includes a release of known and unknown claims and its arbitration-of-claims requirement waives your right to a jury trial. This Release becomes effective upon your signing before March 2, 2005. Please initial each page.

3/1/05
Date

/s/ ERNEST S. WONG
Ernest S. Wong

State of CT)
) ss: Fairfield
County of)

March 1, 2005

Personally appeared before me, the undersigned, Ernest S. Wong, signer and sealer of the foregoing instrument, who acknowledged the same to be free in act and deed.

/s/ SHERRIE WRIGHT
Notary Public
My Commission Expires June 30, 2007

March 1, 2005
Date

Agreed to by FactSet Research Systems Inc.

By: /s/ PHILIP A. HADLEY
Name: **Philip A. Hadley**
Title: **Chief Executive Officer**

Date: March 1, 2005

STATE OF CT)
) ss: Fairfield
COUNTY OF)

March 1, 2005

Personally appeared before me, the undersigned, Philip Hadley, signer and sealer of the foregoing instrument, who acknowledged the same to be free in act and deed.

/s/ VICTORIA L. COLBURN
Notary Public
My Commission Expires 12/31/2006

March 1, 2005
Date

EXHIBIT 10.2

Severance Agreement

By and Between

FactSet Research Systems Inc.

And

Peter G. Walsh

If FactSet Research Systems Inc. (“FactSet” or the “Company”) terminates your employment against your will for any reason other than your willful failure to substantially perform your duties, your being adjudged guilty of a felony by a court of last resort from which there is no appeal, or your material breach of your fiduciary duties to FactSet, FactSet will make a liquidating payment equal to your annual compensation over the past twelve months. In addition, FactSet will continue to provide your standard employee benefits for twelve months from the date of termination.

If any change in control takes place during your employment with FactSet, and your employment is involuntary terminated (other than for cause as described above), FactSet will make a liquidating payment equal to two times your annual compensation over the past twelve months. In additional, FactSet will continue to provide your standard employee benefits for twenty-four months from the date of termination.

Agreed:

/s/ HOWARD E. WILLIE **Howard E. Willie**	September 20, 1999 Date
/s/ PETER G. WALSH **Peter G. Walsh**	September 20, 1999 Date

SECOND AMENDMENT TO THREE YEAR CREDIT AGREEMENT

This Second Amendment to Three Year Credit Agreement (the "Amendment"), dated as of November 30, 2004, is between (i) **FactSet Research Systems, Inc.** (the "Borrower"), and (ii) **JPMorgan Chase Bank, N.A.**, formerly known as 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, as amended (the "Credit Agreement"); and

WHEREAS, the Bank and the Borrower desire to amend the Credit Agreement to revise the Applicable Rate and 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.

A. Any and all references in the Credit Agreement to "The Chase Manhattan Bank", "Bank", or similar terms of reference shall mean JPMorgan Chase Bank, N.A., a banking association organized under the laws of the United States.

B. The definition of the term Applicable Rate, in Section 1.01 of the Credit Agreement, is hereby amended to read in its entirety as follows:

"Applicable Rate" means, for any day, with respect to any Eurodollar Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "Commitment Fee Rate", as the case may be:

Eurodollar Spread	Commitment Fee Rate
0.25%	0.15%

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

"Maturity Date" means March 31, 2008.

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

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

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

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

FACTSET RESEARCH SYSTEMS, INC.	**JPMORGAN CHASE BANK, N.A.**
By: /s/ ERNEST S. WONG	By: /s/ T. DAVID SHORT
Its: **CHIEF FINANCIAL OFFICER**	Its: **VICE PRESIDENT**

FIFTH AMENDMENT TO 364-DAY CREDIT AGREEMENT

This Fifth Amendment to 364-Day Credit Agreement (the “Amendment”), dated as of November 30, 2004, is between (i) **FactSet Research Systems, Inc.** (the “Borrower”), and (ii) **JPMorgan Chase Bank, N.A.**, formerly known as The Chase Manhattan Bank (the “Bank”).

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

WHEREAS, the Bank and the Borrower desire to amend the Credit Agreement to revise the Applicable Rate.

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.

A. Any and all references in the Credit Agreement to “The Chase Manhattan Bank”, “Bank”, or similar terms of reference shall mean JPMorgan Chase Bank, N.A., a banking association organized under the laws of the United States.

B. The definition of the term Applicable Rate, in Section 1.01 of the Credit Agreement, is hereby amended to read in its entirety as follows:

“Applicable Rate” means, for any day, with respect to any Eurodollar Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption “Eurodollar Spread” or “Commitment Fee Rate”, as the case may be:

Eurodollar Spread	Commitment Fee Rate
0.25%	0.10%

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

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

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

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

FACTSET RESEARCH SYSTEMS, INC.	**JPMORGAN CHASE BANK, N.A.**
By: /s/ ERNEST S. WONG	By: /s/ T. DAVID SHORT
Its: **CHIEF FINANCIAL OFFICER**	Its: **VICE PRESIDENT**

AMENDMENT TO 364-DAY CREDIT AGREEMENT

This Amendment to 364-Day Credit Agreement (the "Amendment"), dated as of March 23, 2005, is between (i) **FactSet Research Systems, Inc.** (the "Borrower"), and (ii) **JPMorgan Chase Bank, N.A.** (the "Bank").

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

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

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

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

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

"Maturity Date" means March 22, 2006.

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

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

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

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

FACTSET RESEARCH SYSTEMS, INC.	**JPMORGAN CHASE BANK, N.A.**
By: /s/ PETER G. WALSH	By: /s/ T. DAVID SHORT
Its: **CHIEF FINANCIAL OFFICER**	Its: **VICE PRESIDENT**

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip A. Hadley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FactSet Research Systems Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have any significant role in the registrant's internal control over financial reporting.

Date: April 11, 2005

/s/ PHILIP A. HADLEY

Philip A. Hadley
Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter G. Walsh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FactSet Research Systems Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have any significant role in the registrant’s internal control over financial reporting.

Date: April 11, 2005

/s/ PETER G. WALSH

Peter G. Walsh
Chief Financial Officer

EXHIBIT 32.1

FACTSET RESEARCH SYSTEMS INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of FactSet Research Systems Inc. (the “Company”) on Form 10-Q for the period ending February 28, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Philip A. Hadley, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PHILIP A. HADLEY

Philip A. Hadley
Chief Executive Officer

April 11, 2005

EXHIBIT 32.2

FACTSET RESEARCH SYSTEMS INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of FactSet Research Systems Inc. (the "Company") on Form 10-Q for the period ending February 28, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ernest S. Wong, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PETER G. WALSH

Peter G. Walsh
Chief Financial Officer

April 11, 2005