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

Form 10-Q

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

For the fiscal quarter ended February 28, 2003

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.)
One Greenwich Plaza, Greenwich, Connecticut (Address of principal executive office)	06830 (Zip Code)
Registrant's telephone number, including area code:	(203) 863-1500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes |X| No|_|

The total number of shares of the registrant's Common Stock, $.01 par value, outstanding on February 28, 2003, was 33,384,958.

FactSet Research Systems Inc.

Form 10–Q

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ITEM 1. FINANCIAL STATEMENTS

FactSet Research Systems Inc.

CONSOLIDATED STATEMENTS OF INCOME–Unaudited

	Three Months Ended February 28,		Six Months Ended February 28,	
(In thousands, except per share data)	2003	2002	2003	2002
Subscription Revenues				
Commissions	$16,300	$15,000	$32,295	$28,879
Cash fees	40,355	35,367	79,173	70,497
Total subscription revenues	56,655	50,367	111,468	99,376
Expenses				
Cost of services	17,960	16,598	35,706	32,899
Selling, general and administrative	19,808	18,729	39,010	37,116
Data center relocation charge (See Note 6)	—	—	—	904
Total operating expenses	37,768	35,327	74,716	70,919
Income from operations	18,887	15,040	36,752	28,457
Other income	546	574	1,142	1,182
Income before income taxes	19,433	15,614	37,894	29,639
Provision for income taxes	7,286	4,897	14,211	10,311
Net income	$12,147	$10,717	$23,683	$19,328
	======	======	======	======

Basic earnings per common share	$0.36	$0.32	$0.70	$0.58
	====	====	====	====
Diluted earnings per common share	$0.35	$0.31	$0.68	$0.56
	====	====	====	====
Weighted average common shares (Basic)	33,617	33,546	33,711	33,520
	=====	=====	=====	=====
Weighted average common shares (Diluted)	34,565	35,078	34,626	34,815
	=====	=====	=====	=====

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 February 28,		Six Months Ended February 28,	
(In thousands, except per share data)	2003	2002	2003	2002
Net income	$12,147	$10,717	$23,683	$19,328
Change in unrealized gain on investments, net of taxes	15	(30)	(13)	(3)
Comprehensive income	$12,162	$10,687	$23,670	$19,325
	======	======	======	======

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

FactSet Research Systems Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

ASSETS (In thousands)	February 28, 2003 (Unaudited)	August 31, 2002
CURRENT ASSETS		
Cash and cash equivalents	$ 15,267	$ 44,819
Investments	106,045	86,017
Receivables from clients and clearing brokers, net	38,484	33,164
Receivables from employees	276	399
Prepaid taxes	362	—
Deferred taxes	5,305	6,085
Other current assets	1,784	1,579
Total current assets	167,523	172,063
LONG-TERM ASSETS		
Property, equipment and leasehold improvements, at cost	103,399	99,264
Less accumulated depreciation and amortization	(80,166)	(71,709)
Property, equipment and leasehold improvements, net	23,233	27,555
OTHER NON-CURRENT ASSETS		
Goodwill	13,677	9,861
Intangible assets, net	5,576	1,589
Deferred taxes	5,339	4,333
Other assets	2,096	2,010

TOTAL ASSETS	$217,444	$217,411
	=======	=======

LIABILITIES AND STOCKHOLDERS' EQUITY (In thousands, except per share data)	February 28, 2003	August 31, 2002
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 14,278	$ 11,427
Accrued compensation	8,074	13,590
Deferred fees and commissions	8,373	11,669
Dividends payable	1,669	1,689
Current taxes payable	—	1,523
Total current liabilities	32,394	39,898
NON-CURRENT LIABILITIES		
Other non-current liabilities	579	547
Total liabilities	32,973	40,445
Commitments and contingencies (See Note 7)		
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value	342	340
Capital in excess of par value	37,429	33,803
Retained earnings	169,879	149,561
Accumulated other comprehensive income	129	142
	207,779	183,846
Less treasury stock, at cost	(23,308)	(6,880)
Total stockholders' equity	184,471	176,966
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$217,444	$217,411
	=======	=======

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

FactSet Research Systems Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS–Unaudited
(In thousands)

	Six Months Ended February 28, 2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$23,683	$19,328
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	8,664	9,471
Deferred tax (benefit) expense	(226)	12
Accrued ESOP contribution	1,164	1,080
Net income adjusted for non-cash items	33,285	29,891
Changes in assets and liabilities		
Receivables from clients and clearing brokers	(5,320)	(620)
Prepaid taxes	(362)	(1,346)
Receivables from employees	123	(65)
Accounts payable and accrued expenses	2,829	4,743
Accrued compensation	(4,520)	(3,055)
Deferred fees and commissions	(3,840)	(2,324)
Current taxes payable	(1,523)	(4,447)
Other working capital accounts, net	(208)	(321)
Income tax benefits from stock option exercises	103	873
Net cash provided by operating activities	20,567	23,329

CASH FLOWS FROM INVESTING ACTIVITIES

(Purchases) sales of investments, net	(20,041)	1,106
Acquisition of business (See Note 5)	(7,702)	—
Purchases of property, equipment and leasehold improvements	(3,928)	(4,780)
Net cash used in investing activities	(31,671)	(3,674)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payments	(3,196)	(2,511)
Repurchase of common stock	(16,428)	(1,997)
Proceeds from employee stock plans	1,176	1,974
Net cash used in financing activities	(18,448)	(2,534)
Net (decrease) increase in cash and cash equivalents	(29,552)	17,121
Cash and cash equivalents at beginning of period	44,819	38,583
Cash and cash equivalents at end of period	$15,267	$55,704
	======	======

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FactSet Research Systems Inc.
February 28, 2003
(Unaudited)

1. ORGANIZATION AND NATURE OF BUSINESS

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

To facilitate the receipt of subscription revenues on a commission basis, the Company's wholly owned subsidiary, FactSet Data Systems, Inc. ("FDS"), is a member of the National Association of Securities Dealers, Inc. and is a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934. Subscription revenues paid in commissions are derived from securities transactions introduced and cleared on a fully disclosed basis primarily through two clearing brokers. That is, a client paying subscription charges on a commission basis directs the clearing broker, at the time the client executes a securities transaction, to credit the commission on the transaction to FDS.

FactSet Limited, FactSet GmbH, FactSet Pacific, Inc., LionShares Europe S.A.S., Innovative Systems Techniques, Inc. ("Insyte") and FactSet Mergerstat, LLC are wholly owned subsidiaries of the Company, with operations in London, Paris, Frankfurt, Tokyo, Hong Kong, Sydney, Avon (France) and Santa Monica, California. The Company dissolved elumient.com, Instye's wholly owned, inactive subsidiary, on December 23, 2002.

2. ACCOUNTING POLICIES

In the opinion of management, the accompanying unaudited 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 generally accepted accounting principles in the United States. The interim 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 thereto included in the Company's Annual Report of Form 10-K for the fiscal year ended August 31, 2002. The significant accounting policies of the Company and its subsidiaries are summarized below.

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

Cost of services consists of employee compensation and benefits for the software engineering and consulting groups, clearing fees, data costs, amortization of identifiable intangible assets, computer maintenance and depreciation expenses and communication costs. Selling, general and administrative expenses include employee compensation and benefits for the sales, product development and various other support departments, promotional expenses, rent, amortization of 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
Subscription charges are quoted to clients on an annual basis, but are earned monthly as services are provided. Subscription revenues are earned each month, based on one-twelfth of the annual subscription charge quoted to each client. As a matter of policy, the Company does not typically seek to enter into written contracts with its clients, and clients are generally free to add to, delete portions of, or terminate service at any time. Clients are invoiced monthly in arrears for services rendered.

Amounts that have been earned but not yet paid through the receipt of commissions on securities transactions or through cash payments are reflected on the Consolidated Statements of Financial Condition as receivables from clients and clearing brokers. Amounts that have been received through commissions on securities transactions or through cash payments that are in excess of earned subscription revenues are reflected on the Consolidated Statements of Financial

Condition as deferred fees and commissions.

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

Clearing Fees

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

Cash and Cash Equivalents

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

Investments

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

Property, Equipment, and Leasehold Improvements

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

Intangible Assets

Intangible assets consist of acquired technology resulting from the acquisitions of the Insyte, LionShares and Mergerstat businesses. Amortization of acquired technology is calculated on a straight-line basis using estimated useful lives ranging between five and ten 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 Statement 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.

Income and Deferred Taxes

Deferred taxes are determined by calculating the future tax consequences associated with differences between financial accounting and tax bases of assets and liabilities. A valuation allowance is established to the extent management considers it more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred taxes from income tax law changes is recognized immediately upon enactment. The deferred tax provision is derived from changes in deferred taxes on the balance sheet and reflected on the Consolidated Statements of Income as a component of income taxes. Income tax benefits derived from the exercise of non-qualified stock options or the disqualifying disposition of incentive stock options are recorded directly to capital in excess of par value.

Earnings Per Share

The computation of basic earnings per share in each year is based on the weighted average number of common shares outstanding. The weighted average number of common shares outstanding includes shares issued to the Company's employee stock plans. Diluted earnings per share is based on the weighted average number of common shares and potentially dilutive common shares outstanding. Shares available pursuant to grants made under the Company's stock option plans are included as common share equivalents using the treasury stock method.

New Accounting Pronouncements

On September 1, 2002, the Company adopted Financial Account Standards Board Statement No. 144 ("SFAS 144"), *Accounting for the Impairment or Disposal of Long-lived Assets.* This statement establishes a single accounting model for the impairment of long-lived assets. The impact of adopting SFAS 144 on the Company's results of operation and financial position was not material.

In December 2002, the Financial Accounting Standards Board issued Statement No. 148 ("SFAS 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 Financial Accounting Standards Board Statement No. 123 ("SFAS 123"), *Accounting for Stock-Based Compensation,* 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 two types of plans 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 months and six months ended February 28, 2003 and February 28, 2002:

	Three Months Ended February 28,	Six Months Ended February 28,

In thousands, except per share data and unaudited	2003	2002	2003	2002
Net income, as reported	$12,147	$10,717	$23,683	$19,328
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	1,861	1,897	3,629	3,581
Pro forma net income	10,286	8,820	20,054	15,747
Basic - as reported	$ 0.36	$ 0.32	$ 0.70	$ 0.58
Basic - pro forma	$ 0.31	$ 0.26	$ 0.59	$ 0.47
Diluted - as reported	$ 0.35	$ 0.31	$ 0.68	$ 0.56
Diluted - pro forma	$ 0.30	$ 0.25	$ 0.58	$ 0.45

3. COMMON STOCK AND EARNINGS PER SHARE

Shares of common stock outstanding were as follows: In thousands and unaudited	Six Months Ended February 28, 2003	2002
Balance at September 1,	33,788	33,356
Common stock issued for employee stock plans	229	345
Repurchase of common stock	(632)	(83)
Balance at February 28,	33,385	33,618

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 1,000,000 shares of FactSet common stock. The program established no minimum number of shares for repurchase. During the second quarter of fiscal 2003, the Company repurchased approximately 515,000 shares at an aggregate cost of $13.7 million. During the first six months of fiscal 2003, the Company repurchased approximately 630,000 shares at an aggregate cost of $16.4 million. Since the inception of the stock repurchase program, FactSet has purchased approximately 707,000 shares at an aggregate cost of $18.1 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 and unaudited	Net Income (Numerator)	Weighted Average Common Shares (Denominator)	Per Share Amount
For the Three Months Ended February 28, 2003			
Basic EPS			
Income available to common stockholders	$12,147	33,617	$0.36
Diluted EPS			
Dilutive effect of stock options	—	948	
Income available to common stockholders	$12,147	34,565	$0.35
For the Three Months Ended February 28, 2002			
Basic EPS			
Income available to common stockholders	$10,717	33,546	$0.32
Diluted EPS			
Dilutive effect of stock options	—	1,532	

Income available to common stockholders	$10,717	35,078	$0.31
	=====	=====	

In thousands, except per share data and unaudited	Net Income (Numerator)	Weighted Average Common Shares (Denominator)	Per Share Amount
For the Six Months Ended February 28, 2003			
Basic EPS			
Income available to common stockholders	$23,683	33,711	$0.70
Diluted EPS			
Dilutive effect of stock options	—	915	
Income available to common stockholders	$23,683	34,626	$0.68
	=====	=====	
For the Six Months Ended February 28, 2002			
Basic EPS			
Income available to common stockholders	$19,328	33,520	$0.58
Diluted EPS			
Dilutive effect of stock options	—	1,295	
Income available to common stockholders	$19,328	34,815	$0.56
	=====	=====	

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

Goodwill of $13,677,000 at February 28, 2003, which reflects three prior acquisitions, are included within the U.S. segment.

Segment Information In thousands and unaudited	U.S.	Europe	Asia Pacific	Total
For The Three Months Ended February 28, 2003				
Revenues from clients	$ 45,727	$ 8,417	$ 2,511	$ 56,655
Segment operating profit *	14,270	3,581	1,036	18,887
Total assets at February 28, 2003	203,608	10,049	3,787	217,444
Capital expenditures	2,998	67	6	3,071
For The Three Months Ended February 28, 2002				
Revenues from clients	$ 40,749	$ 7,309	$ 2,309	$ 50,367
Segment operating profit *	10,829	3,229	982	15,040
Total assets at February 28, 2002	170,609	12,285	3,278	186,172
Capital expenditures	1,715	429	—	2,144
For The Six Months Ended February 28, 2003				
Revenues from clients	$ 89,837	$ 16,551	$ 5,080	$111,468
Segment operating profit *	27,411	7,245	2,096	36,752
Capital expenditures	3,792	118	18	3,928
For The Six Months Ended February 28, 2002				
Revenues from clients	$ 80,439	$ 14,306	$ 4,631	$ 99,376
Segment operating profit *	19,924	6,525	2,008	28,457

Capital expenditures	4,025	751	4	4,780

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

5. MERGERSTAT ACQUISITION

On January 23, 2003, the Company acquired all the interest of FactSet Mergerstat, LLC ("Mergerstat") for $7.7 million in cash. Mergerstat is a provider of mergers and acquisition information to the United States and European markets. The acquisition expands the existing portfolio of services and products offered on the FactSet system. The purchase price of Mergerstat was allocated to tangible and intangible assets and liabilities based on estimated fair value. The difference between the purchase price and the fair value of tangible and intangible assets less liabilities was recorded as goodwill. A summary of the Mergerstat purchase price allocation consists of the following:

In thousands and unaudited	
Current assets	$ 330
Acquired technology	4,195
Goodwill	3,815
	8,340
Other liabilities assumed	(638)
Purchase price	$ 7,702

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

6. DATA CENTER RELOCATION CHARGE

During November 2001, the Company moved its New York City data center operations into a new data center facility in Manchester, New Hampshire. The New Hampshire data center and its associated lease were acquired by the Company from Vitts Networks, Inc. in July 2001. The Company placed the Manchester data facility into operation in November 2001 and incurred a charge of approximately $904,000, of which $604,000 related to non-cash expenses associated with the accelerated depreciation of the carrying value of the abandoned unamortized leasehold improvements in the former New York City data center. Approximately $300,000 related to moving and other direct relocation costs.

7. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases office space domestically in Greenwich and Stamford, Connecticut; Boston and Newton, Massachusetts; New York, New York; Chicago, Illinois; Manchester, New Hampshire; Tuscaloosa, Alabama; San Mateo and Santa Monica, California; and internationally in London; Tokyo; Hong Kong; Sydney; Frankfurt; and Paris and Avon, France. The leases expire on various dates through February 2010. Total minimum rental payments associated with the leases are recorded as rent (a component of selling, general and administrative expenses) on a straight-line basis over the periods of the respective lease terms.

At February 28, 2003, the Company's lease commitments for office space provide for the following future minimum rental payments under non-cancelable operating leases with remaining terms in excess of one year:

In thousands and unaudited Years Ended August 31,	
2003 (Remainder)	$ 4,002
2004	8,299
2005	3,690
2006	2,879
2007	1,609
Thereafter	3,490
Minimum lease payments	$23,969

Revolving Credit Facilities

In fiscal 2003, the Company renewed its 364-day revolving credit facility and continued to maintain its existing three-year credit facility. Both credit facilities (the "facilities") are available in an aggregate principal amount of up to $25.0 million for working capital and general corporate purposes, with the facilities split into two equal tranches and maturing March 2004 and November 2004. Approximately $741,000 in aggregate of these credit facilities has been utilized for letters of credit issued during the ordinary course of business as of February 28, 2003. The Company is obligated to pay a commitment fee on the unused portion of the facilities at a weighted average annual rate of 0.175%. The facilities also contain covenants that, among other things, require the Company to maintain minimum levels of consolidated net worth and certain leverage and fixed charge ratios.

Taxes

In the normal course of business, the Company's tax filings are subject to audit by federal and state tax authorities. An audit by one tax authority is currently ongoing. There is inherent uncertainty in the audit process. Nevertheless, the Company has no reason to believe that the audit will result in additional tax payments that would have a material adverse effect on its results of operations or financial position.

8. IDENTIFIED INTANGIBLE ASSETS

The Company's identifiable intangible assets consist of acquired technology resulting from the acquisitions of the Insyte, LionShares and Mergerstat businesses in August 2000, April 2001 and January 2003, respectively. The weighted average useful life of the acquired technology is 8.83 years. These intangible assets have no assigned residual values. The gross carrying amounts and accumulated amortization totals related to the Company's acquired technology were approximately $6,438,000 and $862,000 at February 28, 2003, and $2,243,000 and $482,000 at February 28, 2002, respectively. During the second quarter of fiscal 2003, $4,195,000 of intangible assets were added as a result of the acquisition of Mergerstat. Amortization expense of approximately $121,000 and $207,000 was recorded in the three and six months ended February 28, 2003. Estimated amortization expense of the identifiable intangible assets (acquired technology) for the remainder of fiscal 2003 and the remaining fiscal years is as follows:

In thousands and unaudited	Fiscal Year	Estimated Amortization Expense
	2003 (Remainder)	$ 382
	2004	764
	2005	764
	2006	736
	2007	659
	Thereafter	$2,271

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

RESULTS OF OPERATIONS – Unaudited

	Three Months Ended February 28,			Six Months Ended February 28,		
In thousands, except per share data	2003	2002	Change	2003	2002	Change
Revenues	$ 56,655	$ 50,367	12.5 %	$111,468	$ 99,376	12.2 %
Cost of services	17,960	16,598	8.2	35,706	32,899	8.5
Selling, general and administrative	19,808	18,729	5.8	39,010	37,116	5.1
Data center relocation charge	—	—	—	—	904	—
Operating income	18,887	15,040	25.6	36,752	28,457	29.1
Net income	12,147	10,717	13.3	23,683	19,328	22.5
Diluted earnings per common share	$ 0.35	$ 0.31	12.9 %	$ 0.68	$ 0.56	21.4 %

REVENUES

Revenues for the quarter ended February 28, 2003 increased 12.5% to $56.7 million compared to $50.4 million for the same period in fiscal 2002. During the first half of fiscal 2003, revenues grew 12.2% to $111.5 million. The key catalysts of revenue growth for both periods was continued demand for our value-added applications and databases, international expansion, and the net addition of 48 clients over the past twelve months. Approximately half our revenue is derived from database and application subscriptions. The remaining revenue is generated from our base fee and sales of incremental passwords.

Our value-added applications, in particular, Portfolio Analytics, were the recipients of increased demand. At February 28, 2003, there were approximately 335 clients consisting of approximately 2,400 subscribers to the Company's Portfolio Analytics applications compared to approximately 285 clients and nearly 2,000 subscribers for the same period a year ago.

International revenues for the quarter ended February 28, 2003 increased 13.6% to $10.9 million. During the quarter, revenues from European operations rose 15.2% while revenues in Asia Pacific advanced 8.7%. For the first six months of fiscal 2003, overseas revenues were $21.6 million, an increase of 14.2% from the same period in fiscal 2002. Revenues from international operations accounted for over 19% of consolidated revenues for both the second quarter of fiscal 2003 and the first half of fiscal 2003. Over 95% of the Company's revenues are billed and collected in U.S. dollars. Net monetary assets held by our international branch offices during the quarter ended February 28, 2003 were immaterial. Accordingly, our exposure to foreign currency fluctuations was not material.

At February 28, 2003, we had 928 clients, up 5.5% from 880 a year earlier. Passwords, a measure of users of FactSet, declined to 19,400 as of February 28, 2003 compared to 22,600 from the same period in fiscal 2002, representing a 14.2% decline. Staffing cutbacks among our major investment banking clients over the past 12 months was the main reason for the password reduction. Generally, this password decline was limited to the investment banking segment of our business, as the net user count for our investment management clients decreased only slightly over the same period. Approximately a quarter of our revenue is generated from our investment banking clients, with most of the remaining revenue being derived from our investment management clients.

Total client subscriptions at February 28, 2003 grew to $230.3 million, an increase of 11.3% from a year ago. The Mergerstat acquisition added over $2 million in client subscriptions during the second quarter of fiscal 2003. 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 $248,000, up from an average of $235,000 a year ago, an increase of 5.5%. Subscriptions from international clients were $44.1 million, representing over 19% of total client subscriptions.

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, 2003, client retention remained at a rate in excess of 95%. As a matter of policy, the Company does not seek to enter into written contracts with its clients and clients may add, delete, or terminate services at any time.

OPERATING EXPENSES

Cost of Services

Cost of services increased 8.2% or $1.4 million to $18.0 million in the second quarter of fiscal 2003 from $16.6 in the same period in fiscal 2002. For the six months ended February 28, 2003, cost of services grew 8.5% or $2.8 million to $35.7 million up from $32.9 million in the prior year period. Increases in cost of services for the second quarter and the first half of fiscal 2003 were attributed primarily to higher employee compensation and benefits and additional data costs. In the second quarter of fiscal 2003, the increase in cost of services was partially offset by lower clearing fees.

Employee compensation and benefits grew $800,000 in the three months ended February 28, 2003, compared to the prior year period and $1.7 million in the first six months of fiscal 2003 versus the prior year period. These increases are largely the result of employee additions and increases in merit compensation. Data costs advanced $500,000 in the second quarter of fiscal 2003 compared to the three months ended February 28, 2002 and $800,000 for the first half of fiscal 2003 versus the prior year period. The data cost increase was the result of new databases as well as additional data fees resulting from a greater number of client users from the comparable period in fiscal 2002.

Commission-paying clients who choose to pay for our services via commissions on securities transactions are charged a greater amount than cash-paying clients to compensate for clearing broker fees we incur. Clearing fees decreased $300,000 in the second quarter of fiscal 2003 from the same period in fiscal 2002, primarily due to discounts and a decline in the clearing rates by the Company's third party clearing brokers.

Selling, General and Administrative

For the quarter ended February 28, 2003, selling, general, and administrative (SG&A) expenses grew 5.8% or $1.1 million to $19.8 million from $18.7 million in the second quarter of fiscal 2002. For the first six months of fiscal 2003, SG&A expenses rose 5.1% or $1.9 million to $39.0 million from $37.1 million in the prior year period. Increases in both periods were due to higher costs related to employee compensation and benefits and travel and entertainment, offset by lower promotional and occupancy costs.

Employee compensation and benefits expense rose $1.1 million in the second quarter of fiscal 2003 compared to the second quarter of fiscal 2002 and $2.3 million for the first half of fiscal 2003 versus the first six months of fiscal 2002. The increase in employee compensation and benefits is due to the hiring of additional employees and increased merit compensation. Travel and entertainment expense grew $300,000 in the three months ended February 28, 2003 compared to the prior year period and $600,000 for the first six months of fiscal 2003 versus the same period in fiscal 2002. Additional travel by our sales force was the main factor contributing to the increase. Promotional expenses decreased $400,000 in both the second quarter and first half of fiscal 2003 compared to the prior year periods. The reduction in promotional costs is the result of lower spending on promotional product conferences. Occupancy costs also declined $200,000 and $400,000 for the second quarter and first six months of fiscal 2003 versus the comparable prior year periods. This reduction in occupancy costs was due to office furniture and leasehold improvements becoming fully amortized during the past twelve months.

Data Center Relocation Charge

During November 2001, the Company moved its New York City data center operations into a new data center facility in Manchester, New Hampshire. The New Hampshire data center and its associated lease were acquired by the Company from Vitts Networks, Inc. in July 2001. The Company placed the Manchester data facility into operations in November 2001 and, in the first quarter of fiscal 2002, incurred a charge of approximately $904,000, of which $604,000 related to non-cash expenses associated with the accelerated depreciation of the carrying value of the abandoned unamortized leasehold improvements in the former New York City data center. Approximately $300,000 related to moving and other direct relocation costs.

Operating Margin

Operating margin for the quarter ended February 28, 2003 was 33.3% compared to 29.9% for the same period a year ago. The operating margin for the first six months of fiscal 2003 was 33.0% compared to 28.6% for the first six months of fiscal 2002. Decreasing employee compensation and benefits, clearing fees, promotional expenses and occupancy costs, partially offset by increases in data costs and travel and entertainment, as a percentage of revenues were the major contributors to the improvement in the Company's operating margin for the second quarter of fiscal 2003. Operating margin for the six months ended February 28, 2003, improved as a result of computer-related costs, promotional expenses and occupancy costs declining as a percentage of revenues partially offset by increases in data costs and a data center relocation charge in fiscal 2002.

Income Taxes

For the quarter ended February 28, 2003, income tax expense increased $2.4 million to $7.3 million from $4.9 million for the comparable period in fiscal 2002. The second quarter of fiscal 2002 included a tax benefit of $893,000 which is related to adjustments to prior year's federal and state tax returns that resulted from a favorable state income tax ruling. Pretax income for the second quarter grew $3.8 million compared to the prior year period. The effective tax rate for the second quarter of fiscal 2003 was 37.5% compared to 31.4% for the same period a year ago. The tax benefit recognized in the second quarter of fiscal 2002 was the primary reason behind the difference in the effective tax rates for the two quarters. Income tax expense for the first half of fiscal 2003 was $14.2 million, an increase of $3.9 million. Without the income tax benefit in the first half of 2002, the increase would have been $3.0 million. The effective tax rate for the first half of fiscal 2003 was 37.5% versus 34.8% in the same period a year ago.

Liquidity

Cash generated by operating activities for the first six months of fiscal 2003 was $20.5 million, a decrease of $2.8 million over the comparable period in fiscal 2002. The year over year decline in operating cash was due to increased accounts receivable, decreases in deferred fees and commissions, accrued compensation and current taxes payable, partially offset by higher profitability and increased accounts payable and accrued expenses.

Capital Expenditures

Our capital expenditures totaled $3.1 million for the second quarter and $3.9 million for the first six months of fiscal year 2003. Capital expenditures during the second quarter and first six months fiscal 2003 consisted largely of computer-related equipment purchases for our data centers.

Mergerstat Acquisition

On January 23, 2003, we acquired all the interest of FactSet Mergerstat, LLC ("Mergerstat") for $7.7 million in cash. Mergerstat is a provider of mergers and acquisition information to the United States and European markets. The acquisition expands the existing portfolio of services and products offered on the FactSet system. The purchase price of Mergerstat was allocated to tangible and intangible assets and liabilities based on estimated fair value. The difference between the purchase price and the fair value of tangible and intangible assets less liabilities was recorded as goodwill. A summary of the Mergerstat purchase price allocation consists of the following:

In thousands and unaudited	
Current assets	$ 330
Acquired technology	4,195
Goodwill	3,815
	8,340
Other liabilities assumed	(638)
Purchase price	$ 7,702

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

Financing Operations and Capital Needs
Cash, cash equivalents and investments totaled $121.3 million or 55.8% of the Company's total assets at February 28, 2003. All our operating and capital expense requirements were financed entirely from cash generated from the Company's operations. We have no outstanding indebtedness.

Revolving Credit Facilities
In fiscal 2003, we renewed our 364-day revolving credit facility and continued to maintain our existing three-year credit facility. Both 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 maturing March 2004 and November 2004. Approximately $741,000 in aggregate of these credit facilities has been utilized for letters of credit issued during the ordinary course of business as of February 28, 2003. We are obligated to pay a commitment fee on the unused portion of the facilities at a weighted average annual rate of 0.175%. The facilities also contain covenants that, among other things, require us to maintain minimum levels of consolidated net worth and certain leverage and fixed charge ratios.

Share Repurchase Program
On July 16, 2002, our Board of Directors authorized a stock repurchase program to acquire shares of our outstanding common stock in open market or negotiated transactions. This program authorized the repurchase of up to 1,000,000 shares of our common stock. The program established no minimum number of shares for repurchase. During the second quarter of fiscal 2003, we repurchased approximately 515,000 shares at an aggregate cost of $13.7 million. During the first six months of fiscal 2003, we repurchased approximately 630,000 shares at an aggregate cost of $16.4 million. Since the inception of the stock repurchase program, we have purchased approximately 707,000 shares at an aggregate cost of $18.1 million.

New Accounting Pronouncements
On September 1, 2002, the Company adopted Financial Accounting Standards Board Statement No.144 ("SFAS 144"), *Accounting for the Impairment or Disposal of Long-lived Assets.* This statement establishes a single accounting model for the impairment of long-lived assets. The impact of adopting SFAS 144 on our results of operation and financial position was not material.

In December 2002, the Financial Accounting Standards Board issued Statement No. 148 ("SFAS 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 Financial Accounting Standards Board Statement No. 123 ("SFAS 123"), *Accounting for Stock-Based Compensation*, 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 the two types of plans 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 months and six months ended February 28, 2003 and February 28, 2002:

	Three Months Ended February 28,		Six Months Ended February 28,	
In thousands, except per share data and unaudited	2003	2002	2003	2002
Net income, as reported	$12,147	$10,717	$23,683	$19,328
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	1,861	1,897	3,629	3,581
Pro forma net income	10,286	8,820	20,054	15,747
Basic - as reported	$ 0.36	$ 0.32	$ 0.70	$ 0.58
Basic - pro forma	$ 0.31	$ 0.26	$ 0.59	$ 0.47
Diluted - as reported	$ 0.35	$ 0.31	$ 0.68	$ 0.56
Diluted - pro forma	$ 0.30	$ 0.25	$ 0.58	$ 0.45

Critical Accounting Policies
In December of 2001, the SEC issued FR 60, *Cautionary Advice Regarding Disclosure About Critical Accounting Policies*, and in January of 2002, the SEC issued FR 61, *Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations*. We are making certain incremental disclosures on our critical accounting policies below pursuant to these changes. We do not engage in off-balance sheet financing activities, make use of derivatives transactions or engage in significant related party transactions. Lease commitments and credit lines are disclosed in the annual report on Form 10-K for each fiscal year. Moreover, we have determined that the following represent our critical accounting policies.

Revenue Recognition
As a matter of policy, we do not seek to enter into written contracts with our clients and promote flexibility in which clients are generally free to add to, delete from or terminate service at any time. We recognize revenue using a subscription-based model in which subscription charges are quoted to a client on an annual basis. Subscription revenues are earned monthly as services are provided and are based on one-twelfth of the annual subscription charge quoted to each client. We bill our clients in arrears for services provided on a monthly basis. Clients frequently add and delete users, change the mix of services they require from us, and,

occasionally, cancel our services. Due provision is made each month to accrue for such cancellations and billing adjustments based on estimates developed using historical activity and taking known changes in client activity into account. An appropriate reserve is maintained to account for such estimated cancellations and adjustments and is included in receivable reserves, discussed below. Amounts that have been billed to clients, and therefore earned, but have not yet been paid via cash payments or the receipt of commissions on securities transactions are reflected on the Consolidated Statements of Financial Condition as receivables from clients and clearing brokers. Amounts that have been received as commissions on securities transactions or in cash that exceed earned subscription revenues are reflected on the Consolidated Statements of Financial Condition as deferred fees and commissions.

Receivable Reserves

Our client base has historically been of a high quality and, as such, we have not historically experienced high credit-related write-offs. Aged client receivables are analyzed each month and our collection efforts are directed accordingly. We take historical company information, industry trends and general market conditions into account in estimating reserves, and apply a percentage to the month-end client receivable balance.

Valuation of Goodwill and Other Intangible Assets

As discussed in Note 2 to the consolidated financial statements, we adopted SFAS 142 as of September 1, 2001. SFAS 142 requires that a traditional goodwill impairment test be completed during the first six months of the year the standard is adopted. SFAS 142 further requires a separate annual goodwill impairment test to be performed each year, which will be done in the fourth quarter of each fiscal year, along with additional goodwill impairment tests on an event-driven basis. We performed our transitional goodwill impairment test during the quarter ended February 28, 2002, and noted that goodwill had not been impaired. Annually or on an event-driven basis, we will evaluate the acquired businesses and related assets for indications of potential impairment. We may base our judgment regarding the existence of impairment indicators by relying on market conditions, legal and technological factors and the operational performance of the acquired businesses and related assets. Future events could cause us to conclude that indicators of impairment do exist and that goodwill associated with our previous acquisitions is impaired.

After we acquired the Insyte, LionShares and Mergerstat businesses, we recorded the acquired intangible assets on our Consolidated Statements of Financial Condition. We review intangibles for evidence of impairment whenever changes in circumstances or events indicate that the carrying value of the intangible assets may not be recoverable.

Property, Equipment and Leasehold Improvements

We depreciate computers and related equipment on a straight-line basis over estimated useful lives of three years or less. Furniture and fixtures are depreciated over estimated useful lives of five years using a declining balance method. We amortize leasehold improvements on a straight-line basis over the shorter of the terms of the related leases or the estimated useful lives of the improvements. The potential impairment of our fixed assets is evaluated whenever changes in circumstances or events indicate that the carrying value of the fixed assets may not be recoverable. Factors that may cause an impairment review of fixed assets include, but are not limited to, the following:

- significant changes in technology that make current computer-related assets that we use in our operations obsolete or less useful; and
- significant changes in the way we use these assets in our operations.

Accounting for Income Taxes

We estimate our income taxes in each of the jurisdictions in which we operate. Deferred taxes are determined by calculation of the future tax consequences associated with differences between financial accounting and tax bases of assets and liabilities. As a result of this process, we recognize deferred tax assets and liabilities, which are recorded in the Consolidated Statements of Financial Condition. A valuation allowance is established to the extent that it is considered more likely than not that some portion or all of the deferred tax assets will not be realized. To the extent a valuation allowance is established or adjusted in a period, this amount is included in the Consolidated Statements in Income as an expense or benefit within the provision for income taxes.

Accrued Liabilities

In conformity with generally accepted accounting principles, we make significant estimates in determining our accrued liabilities. Accrued liabilities include estimates relating to employee compensation, operating expenses and tax liabilities. Most of our employee incentive compensation programs are discretionary. A final review of departmental performance is conducted each year end with senior management and the Board of Directors determining the ultimate amount of discretionary bonus pools in connection with this review. We also review compensation throughout the year to determine how overall performance tracks against managers' expectations. Management takes these and other factors, including historical performance, into account in reviewing accrued compensation estimates quarterly and adjusting accrual rates as appropriate. Because final reviews are not normally completed until after the year-end closing cycle, it is possible that actual amounts ultimately approved and paid could differ from amounts previously accrued. As such, the difference, if any, will be recorded in the period in which the estimate is changed.

Forward-Looking Factors

Business Outlook

The following forward-looking statements reflect our expectations as of April 14, 2003. Given the number of risk factors, assumptions and uncertainties enumerated and discussed below, actual results may differ materially. We do not intend to update our forward-looking statements until the next quarterly results announcement, other than in publicly available statements.

Third Quarter Fiscal 2003 Expectations

- Revenues are expected to range between \$57.0 million and \$59.0 million.
- Operating margins are expected to range between 32.5% and 33.5%.
- The effective tax rate should be approximately 37.5%

Full Year Fiscal 2003 Expectations

- Capital expenditures should total approximately \$12 million.

Recent Market Trends

In the ordinary course of business, we are exposed to various financial risks involving equity and foreign currency markets as well as risks related to interest rate fluctuations. During the past three years, major equity indices (e.g., Dow Jones 30 Industrials, Russell 2000, NASDAQ Composite, MSCI European Index, Nikkei 225) have experienced significant declines coupled with increased levels of volatility. The potential for a continued high level of volatility coupled with a persistent deterioration of general economic and market conditions is still possible. The current military actions by the United States or the threat of hostilities among various nations could undermine any potential economic recovery and increase volatility in the major equity indices. Further decline in the worldwide markets could adversely impact a large number of our clients (investment management firms and investment banks) and increase the likelihood of personnel and spending reductions among our existing and potential clients.

The fair market value of our investment portfolio at February 28, 2003 was $106.0 million. We anticipate 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 the investment guidelines we established, 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 is not to exceed two years. Investments such as puts, calls, strips, short sales, straddles, options, futures or investments on margin are not permitted by our investment guidelines. Because we have no outstanding indebtedness and, for the reasons enumerated above, our financial exposure to fluctuations in interest rates is expected to continue to be low.

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

Taxes

During the normal course of business, our tax filings are subject to audit by federal and state tax authorities. An audit by one tax authority is currently ongoing. There is inherent uncertainty contained in the audit process but we have no reason to believe that the audit will result in additional tax payments that would have a material adverse effect on its results of operations or financial position.

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 the words like "expected," "anticipates," "plans," "intends," "projects," "should," "indicates," "continue," 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 undertake no obligation to publicly update any forward-looking statements as a result of new information, future events, or otherwise.

These future factors include, but are not limited to, the ability to hire qualified personnel; 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; retention of key clients; the successful resolution of the ongoing audit by a tax authority; the continued employment of key personnel; the ability to integrate newly acquired businesses; the absence of U.S. or foreign governmental regulation restricting international business.

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.

Part II OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 2. Changes in Securities: None

Item 3. Defaults Upon Senior Securities: None

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

The Annual Meeting of Shareholders of FactSet Research Systems Inc. was held on January 10, 2003.

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

Director	Term	For	Not For	Abstain
Michael F. DiChristina	3 yrs.	31,909,998	306,399	—
Walter F. Siebecker	3 yrs.	30,831,135	1,385,262	—
Howard E. Wille	3 yrs.	28,212,034	4,004,363	—
James J. McGonigle	2 yrs.	31,878,063	338,334	—

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

For	31,218,400
Not for	985,971

Abstain	12,026

Item 5. Other Information: None

Item 6. Exhibits and Reports on Form 8-K: None

(a) Exhibits: None

(b) Reports on Form 8-K: None

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 14, 2003

/s/ ERNEST S. WONG

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

CERTIFICATIONS

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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant’s other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 14, 2003

/s/ Philip A. Hadley
Philip A. Hadley

Chief Executive Officer

I, Ernest S. Wong, 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 14, 2003

/s/ Ernest S. Wong
Ernest S. Wong
Chief Financial Officer

AMENDMENT TO 364-DAY CREDIT AGREEMENT

This Amendment to 364-Day Credit Agreement (the "Amendment"), dated as of March 28, 2003, is between (i) FactSet Research Systems Inc. (the "Borrower"), and (ii) JPMorgan Chase Bank, f/k/a The Chase Manhattan Bank (the "Bank").

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

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

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

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

Section 2. **Amendment.** A. Any and all references in the Credit Agreement to "The Chase Manhattan Bank" are amended to read "JPMorgan Chase Bank".

B. The definition of the term Maturity Date in Section 1.01 of the Credit Agreement is superseded and replaced in its entirety, and amended to read as follows:

" Maturity Date" means March 26th, 2004.

Section 3. **Representations.** The Borrower hereby represents and warrants to the Bank that: (i) the covenants, representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects with the same effect on and as of the date hereof as if made on and as of the date hereof, except to the extent that such representations and warranties relate to an earlier date, and as if each reference therein to the Credit Agreement were a reference to the Credit Agreement as amended by this Amendment; (ii) no Event of Default or Default specified in the Credit Agreement 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 expressly provided in this Amendment, the Credit Agreement shall remain unchanged and in full force and effect except that each reference therein 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 be deemed to be effective on and 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 counterparts, each of which taken together shall constitute one and the same instrument and either of the parties hereto may execute this Amendment by signing any such counterpart. 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**	
By:	/s/ Ernest S. Wong	By:	/s/ T. David Short
Its:	Chief Financial Officer	Its:	Vice President