

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended: May 31, 1997

OR

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

For the transition period from _____ to _____

Commission file number 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 Number)

ONE GREENWICH PLAZA
GREENWICH, CT 06830
(203) 863-1500
(Address, including zip code, and telephone
number, including area code, of
registrant's principal executive
offices)

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 60 days. Yes X - No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each class -----	Outstanding at May 31, 1997 -----
Common Stock, par value \$.01	9,545,495

FACTSET RESEARCH SYSTEMS INC.

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ITEM 1

FactSet Research Systems Inc.
Consolidated Statements of Financial Condition
(in thousands)

	(Unaudited) May 31, 1997 ----	August 31, 1996 ----
ASSETS		
Cash and cash equivalents	\$ 22,069	\$ 15,700
Investments	1,323	1,338
Receivable from clients and clearing brokers	7,139	6,181
Receivable from employees	517	946
Deferred taxes	2,822	2,214
Other current assets	468	465
	-----	-----
Total current assets	34,338	26,844
Property, equipment, and leasehold improvements, net	10,262	8,149
Deferred taxes	795	624
Other assets	884	893
	-----	-----
Total assets	\$ 46,279	\$ 36,510
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 2,146	\$ 1,156
Accrued compensation	2,046	1,980
Deferred fees and commissions	4,847	3,798
Current taxes payable	1,582	793
Deferred rent	130	114
	-----	-----
Total current liabilities	10,751	7,841
Deferred taxes	176	133
Deferred rent	299	339
	-----	-----
Total liabilities	11,226	8,313
	-----	-----
Stockholders' Equity:		
Common stock	96	96
Capital in excess of par value	1,931	1,431
Retained earnings	33,070	26,658
Treasury stock	(277)	(164)
Unrealized gain on investments, net of taxes	233	176
	-----	-----
Total stockholders' equity	35,053	28,197
	-----	-----
Total liabilities and stockholders' equity	\$ 46,279	\$ 36,510
	=====	=====

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

FactSet Research Systems Inc.
Consolidated Statements of Income
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 1997	May 31, 1996	May 31, 1997	May 31, 1996
	-----	-----	-----	-----
Commissions	\$ 7,066	\$ 6,022	\$ 19,770	\$ 17,262
Fee Income	8,031	5,414	22,136	14,872
	-----	-----	-----	-----
Total revenues	15,097	11,436	41,906	32,134
Employee compensation costs	4,422	3,407	12,337	9,869
Clearing costs	1,248	1,131	3,436	3,242
Data costs	1,124	872	3,069	2,477
Communication costs	841	677	2,372	2,106
Computer equipment	1,215	793	3,241	2,083
Promotion	758	668	2,201	1,668
Occupancy	874	609	2,487	1,729
Other expenses	713	470	2,020	1,294
	-----	-----	-----	-----
Total costs and expenses	11,195	8,627	31,163	24,468
	-----	-----	-----	-----
Income from operations	3,902	2,809	10,743	7,666
Other income	235	145	558	576
	-----	-----	-----	-----
Income before provision for income taxes	4,137	2,954	11,301	8,242
Provision for income taxes	1,779	1,279	4,889	3,545
	-----	-----	-----	-----
Net income	\$ 2,358	\$ 1,675	\$ 6,412	\$ 4,697
	=====	=====	=====	=====
Net income per share	\$ 0.22	\$ 0.16	\$ 0.59	\$ 0.44
	=====	=====	=====	=====
Weighted average number of common shares outstanding	10,813	10,750	10,833	10,761
	=====	=====	=====	=====

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

FactSet Research Systems Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended	
	May 31, 1997 ----	May 31, 1996 ----
Cash flows from operating activities:		
Net income	\$ 6,412	\$ 4,697
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,463	2,181
Deferred tax expense	(779)	(238)
(Gain) loss on disposal of equipment	0	(104)
Changes in assets and liabilities:		
Receivable from clients and clearing brokers	(958)	(921)
Prepaid taxes	0	(251)
Accounts payable and accrued expenses	1,390	(314)
Accrued compensation	161	(190)
Deferred fees and commissions	1,049	761
Current taxes payable	789	(768)
Other, Net	531	(570)
	-----	-----
Net cash provided by operating activities	12,058	4,283
	-----	-----
Cash flows from investing activities:		
Purchases of property, equipment, and leasehold improvements	(5,576)	(4,123)
Proceeds from disposal of equipment, net	0	144
	-----	-----
Net cash used in investing activities	(5,576)	(3,979)
	-----	-----
Cash flows from financing activities:		
Repurchase of common stock from employees	(113)	(2)
Proceeds from exercise of stock options	0	16
	-----	-----
Net cash (used in) provided by financing activities	(113)	14
	-----	-----
Net increase in cash and cash equivalents	6,369	318
Cash and cash equivalents, beginning of period	\$ 15,700	\$ 11,588
	-----	-----
Cash and cash equivalents, end of period	22,069	11,906
	=====	=====

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

FactSet Research Systems Inc.
Notes To The Consolidated Financial Statements
May 31, 1997

1. Summary of Accounting Principles

The accompanying consolidated financial statements include the accounts of FactSet Research Systems Inc. ("the Company") and its subsidiaries. All significant intercompany activity and balances have been eliminated from the consolidated financial statements. Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

The consolidated financial statements of the Company presented herein have been prepared pursuant to the rules of the Securities and Exchange Commission for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These financial statements should be read in conjunction with the Company's Annual Report and notes thereto for the year ended August 31, 1996. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows of the Company and its subsidiaries. Quarterly operating results are not necessarily indicative of the results which would be expected for the full year.

The Company adopted SFAS No. 123 -- Accounting for Stock-Based Compensation in the first quarter of fiscal 1997. SFAS No. 123 encourages (but does not require) compensation cost to be measured based on the fair value of the stock instrument awarded. Companies are permitted, however, to continue to apply Accounting Principles Board Opinion ("APB") No. 25 -- Accounting for Stock Issued to Employees which recognizes compensation cost based on the intrinsic value of the equity instrument awarded. The Company will continue accounting for stock-based compensation under APB No. 25 and will disclose in its annual 10-K for the fiscal year ending 8/31/97 the pro forma effect on net income and earnings per share from measuring compensation cost based on the fair value of the equity instruments awarded.

2. Initial Public Offering

On June 28, 1996, the Company completed an initial public offering of 3,593,750 shares of its common stock, which included 468,750 shares granted to the underwriters upon exercise of their over-allotment option. The shares were sold by certain stockholders of the Company for gross proceeds of \$61,093,750. The Company did not receive any of the proceeds from the offering. The Company paid certain expenses of the Offering in the amount of \$299,059 which has been charged against Stockholders' Equity.

ITEM 2

Management's Discussion and Analysis of Financial
Condition and Results of Operations

Overview

FactSet Research Systems Inc. is a leading provider of online integrated database services to the financial community. The Company's software technology combines multiple, large-scale databases into a single mainframe information system accessible from clients' personal computers. Simultaneous access to over 70 databases creates a comprehensive, "one stop" source for financial and economic information, news, and commentary on some 25,000 companies and 70,000 securities worldwide. The Company's proprietary software tools enable clients to easily download, screen, manipulate, and analyze data in a virtually infinite array of formats, including custom reports designed by and for the user. FactSet markets its services to investment managers, investment banks, and other financial service institutions throughout the world.

Business Environment

Significant ongoing investment in people and technology will be critical to FactSet's future growth. To further penetrate and increase coverage of its global markets, the Company plans to expand its sales and consulting groups and fund product development. Ongoing hardware investments will also be critical to FactSet's growth. As a part of its strategy of ensuring "fail safe" reliability, FactSet maintains two state of the art computer centers. Each is operated as a "hot" site and each is capable of serving the entire client population. This policy essentially doubles the Company's required capital spending in mainframe and related equipment. Significant levels of capital spending are likely to be necessary to keep processing power and data storage capacity in line with FactSet's growing user base and service offerings. Historically, the Company's profitability and cash flows from operations enabled these expenditures to be fully funded from internal resources.

Results of Operations

(Thousands, except per share data)	Three months ended May 31,			Nine months ended May 31,		
	1997	1996	Change	1997	1996	Change
Revenue	\$ 15,097	\$ 11,436	32.0%	\$ 41,906	\$ 32,134	30.4%
Income from operations	3,902	2,809	38.9%	10,743	7,666	40.1%
Net income	2,358	1,675	40.8%	6,412	4,697	36.5%
Earnings per share	\$ 0.22	\$ 0.16	37.5%	\$ 0.59	\$ 0.44	34.1%

Revenue for 1997's fiscal third quarter was \$15.1 million, up 32.0% over the comparable period a year earlier. For the nine months ended May 31, 1997, revenue totaled \$41.9 million, an increase of 30.4% from the same period a year ago. Revenue grew without any price increases and its expansion was driven by added demand for passwords, the addition of databases and services and international growth. The password count approximately doubled over the past twelve months to over 9,000 at quarter end. The strong growth in passwords reflected increased demand from existing clients as well as penetration of new, larger markets. During 1997's fiscal third quarter, international revenue rose to \$1.8 million, a gain of 120% versus 1996's comparable period reflecting FactSet's expanded global product offerings. Quarterly revenue abroad represented 12% of FactSet's consolidated revenue versus 7% a year ago. Currency fluctuations did not have a material impact on the Company's results of operations as practically all clients paid for services in U.S. dollars and the average net monetary position of the Company's foreign branch operations was immaterial.

Client commitments were \$62.8 million at May 31, 1997, rising 34.0% over the past twelve months. "Commitments" is not a revenue forecast but is meant to indicate total revenue to be received over the next twelve months if all services were frozen in their current configurations. Client count rose to 474 at quarter end. FactSet has virtually no contracts with clients. Clients may change the desired mix of services at any time. Therefore, total client "commitments" change from month to month. The Company has enjoyed an increase in client commitments in 95 of the last 96 months. At May 31, 1997, no one client represented as much as 3% of total commitments and the top ten clients represented less than 15%.

Operating expenses for the three months ended May 31, 1997 were \$11.2 million, up 29.8% over the same period a year ago. For the first nine months, operating expenses totaled \$31.2 million, increasing 27.4% from the comparable period in fiscal 1996. Employee compensation rose 29.8% to \$4.4 million for the quarter and was up 25.0% to \$12.3 million over the nine months ending May 31, 1997. Increased employee compensation was a result of employee additions and merit increases to existing employees. Employee headcount increased by 39.8% over the past twelve months and totaled 165 as of May 31, 1997. Computer expenses for the third quarter increased 53.2% to \$1.2 million and for the nine months ending May 31, 1997 were up 55.6% totaling \$3.2 million. Computer expenses grew primarily due to incremental depreciation related to capital expenditures at the Company's two data centers. Occupancy costs moved up 43.5% to \$874,000 for the three months ending May 31, 1997 and increased 43.9% to \$2.5 million for the first nine months of fiscal 1997. Additional space requirements in London and Greenwich were the catalysts for these increases. Other expenses for the most recent quarter rose 51.7% to \$713,000 and grew 56.1% totaling \$2.0 million for the nine months ended May 31, 1997 primarily as a result of additional professional fees.

Operating margins for 1997's third fiscal quarter increased to 25.8% up from 25.6% for the first nine months fiscal 1997. Improved operating margins were primarily caused by reduced clearing fees as a percentage of sales and economies of scale. Fees from commission paying clients are increased to cover associated clearing charges. Cash paying clients represented 53% of total revenue for both the quarter and for the nine months ended May 31, 1997 up from 47% and 46% respectively for the comparable periods a year ago.

Third quarter net income rose to \$2.4 million, up 40.8% from the comparable quarter a year ago. Net income for the nine months May 31, 1997 was \$6.4 million, advancing 36.5%. Earnings per share for the recent quarter improved to \$0.22, up 37.5% from \$0.16 for the comparable quarter ended May 31, 1996. Over the first three quarters of fiscal 1997 earnings per share increased to \$0.59, a 34.1% increase from \$0.44 for 1996's comparable period.

Liquidity and Capital Resources

The Company funded all operating expenses and capital expenditures with cash generated from operations and has no debt. Since the start of the fiscal year, cash, cash equivalents, and investments increased by \$6.4 million and totaled \$23.4 million at May 31, 1997. Cash provided by operating activities increased to \$12.1 million for the first nine months of fiscal 1997 primarily due to increased earnings and non cash expenses. Capital expenditures totaled \$5.6 million during the nine months ended May 31, 1997. Significant investments included an additional Digital Alpha 8480/300 mainframe system at each of our data centers, expansion of data storage capacity, upgrading mainframe computing power by more than 40%, and making leasehold improvements in London and Greenwich. Significant levels of capital spending are likely necessary to keep processing power, data storage capacity, and office space requirements in line with the Company's sustained growth.

Part II - Other Information

Item 1 - Legal Proceedings: None

Item 2 - Changes in Securities: None

Item 3 - Submission of Matters to a vote of Security Holders: None

Item 4 - Other Information: None

Item 5 - Exhibits and Reports on Form 8-K: None

FACTSET RESEARCH SYSTEMS INC.

SIGNATURES

Pursuant to the requirements of the Securities 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)

/s/ Ernest S. Wong

Date: July 14, 1997

Ernest S. Wong
Senior Vice President
Chief Financial Officer

9-MOS

	AUG-31-1997	
	SEP-01-1996	
	MAY-31-1997	
		22,069
	1,323	
	7,656	
		0
		0
	34,338	
		26,648
	16,386	
	46,279	
10,751		
		0
0		
		0
		96
	34,957	
46,279		
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	41,906	
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	31,163	
	0	
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6,412		
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	0	
		0
	6,412	
	0.59	
	0	