Form 10-Q

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

|X| Quarterly Report pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934 for the fiscal quarter ended May 31, 1998

|_| Transition Report pursuant to Section 13 or 15(D) of the Securities Exchange Act Of 1934 for the transition period from ____ to ____
Commission File Number: 1-11869

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

Delaware	13-3362547
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Greenwich Plaza, Greenwich, Connecticut	06830
(Address of principal executive office)	(Zip Code)

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

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

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

Title of each class	Outstanding at May 31, 1998
Common Stock, par value $.01	9,660,268

FactSet Research Systems Inc.

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

	Three Months Ended May 31, 1998	Three Months Ended May 31, 1997	Nine Months Ended May 31, 1998	Nine Months Ended May 31, 1997
Subscription Revenues				
Commissions	$8,459	$7,067	$24,438	$19,770
Fees	11,737	8,030	32,309	22,136
Total subscription revenues	20,196	15,097	56,747	41,906
Expenses				
Cost of services	7,727	6,039	22,228	16,829
Selling, general, and administrative	6,387	4,588	17,504	12,761
Other expenses	669	568	2,148	1,573
Total operating expenses	14,783	11,195	41,880	31,163
Income from operations	5,413	3,902	14,867	10,743
Other income	380	235	1,131	558
Income before income taxes and extraordinary gain	5,793	4,137	15,998	11,301
Income taxes	2,526	1,779	7,027	4,889
Net income before extraordinary gain	3,267	2,358	8,971	6,412
Extraordinary gain, net of income taxes	-	-	242	-
Net income	$3,267	$2,358	$9,213	$6,412
Basic earnings per common share	$0.34	$0.25	$0.96	$0.67
Diluted earnings per common share	$0.30	$0.22	$0.84	$0.59
Weighted average common shares (Basic)	9,647	9,545	9,619	9,546
Weighted average common shares (Diluted)	11,041	10,813	10,952	10,833

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

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
FactSet Research Systems Inc.

ASSETS

In thousands and unaudited	May 31, 1998	August 31, 1997
CURRENT ASSETS		
Cash and cash equivalents	$31,049	$26,816
Investments	-	1,375
Receivable from clients and clearing brokers	10,322	7,335
Receivable from employees	535	549
Deferred taxes	3,327	3,149
Other current assets	420	731
Total current assets	45,653	39,955
PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS		
Property, equipment, and leasehold improvements, at cost	37,223	26,880
Less accumulated depreciation	(22,222)	(17,658)
Property, equipment, and leasehold improvements, net	15,001	9,222
OTHER NON-CURRENT ASSETS		
Deferred taxes	856	927
Other assets	552	731
TOTAL ASSETS	$62,062	$50,835

LIABILITIES AND STOCKHOLDERS' EQUITY

In thousands and unaudited	May 31, 1998	August 31, 1997
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$3,878	$2,216
Accrued compensation	4,227	3,676
Deferred fees and commissions	4,347	4,499
Current taxes payable	1,829	2,426
Deferred rent	88	68
Total current liabilities	14,369	12,885
NON-CURRENT LIABILITIES		
Deferred taxes	-	180
Deferred rent	347	143
Total liabilities	14,716	13,208
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	-	-
Common stock	97	96
Capital in excess of par value	2,884	1,995
Retained earnings	44,801	35,588
Unrealized gain on investment, net of taxes	-	239
Less treasury stock	(436)	(291)
Total stockholders' equity	47,346	37,627
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$62,062	$50,835

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FactSet Research Systems Inc.

In thousands and unaudited Nine Months Ended May 31,	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$9,213	$6,412
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	4,564	3,463
Deferred tax expense (benefit)	(107)	(779)
Gain on sale of investment	(433)	-
Accrued ESOP contribution	563	405
Net income adjusted for non-cash items	13,800	9,501
Changes in working capital		
Receivable from clients and clearing brokers	(2,987)	(958)
Accounts payable and accrued expenses	1,662	985
Accrued compensation	588	161
Deferred fees and commissions	(152)	1,049
Current taxes payable	(597)	789
Other working capital accounts, net	729	531
Net cash provided by operating activities	13,043	12,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment, and leasehold improvements	(10,343)	(5,576)
Proceeds from sale of investments	1,389	-
Net cash used in investing activities	(8,954)	(5,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock from employees	(5)	(113)
Proceeds from exercise of stock options	149	-
Net cash provided by (used in) financing activities	144	(113)
Net increase in cash and cash equivalents	4,233	6,369
Cash and cash equivalents at beginning of period	26,816	15,700
Cash and cash equivalents at end of period	$31,049	$22,069

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FactSet Research Systems Inc.
May 31, 1998
(Unaudited)

1. ORGANIZATION AND NATURE OF BUSINESS

FactSet Research Systems Inc. (the "Company") provides online integrated database services to the financial community. The Company's revenues are derived from subscription charges. Solely at the option of each client, these charges may be paid either in commissions on securities transactions (in which case subscription revenues are recorded as "Commissions") or on a cash basis (in which case subscription revenues are recorded as "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. FDS's only function is to facilitate the receipt of payments with respect to subscription charges and it does not otherwise engage in the securities business.

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

FactSet Pacific, Inc. and FactSet Limited are wholly owned subsidiaries of the Company and are U.S. corporations with branch operations in the Far East and Europe, respectively.

2. ACCOUNTING POLICIES

The accompanying interim consolidated financial statements of FactSet Research Systems Inc. ("the Company") have been prepared in conformity with generally accepted accounting principles, consistent in all material respects with those applied in the Annual Report on Form 10-K for the fiscal year ended August 31, 1997. Interim financial information is unaudited, but reflects all normal adjustments which are, in the opinion of management, necessary to present fairly the results for the interim periods presented. The interim financial statements should be read in connection with the financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1997.

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.

The financial reporting format of the Consolidated Statements of Income has been revised to enhance comparability with other companies in the online information services industry and to improve understanding of the Company's results of operations. The Consolidated Statements of Income have been reclassified in all prior periods presented to conform to the current year presentation.

Cost of services is composed of compensation and benefits for the employees of the software engineering and consulting departments, clearing fees, data costs, computer maintenance and depreciation expenses, and communication costs. Selling, general, and administrative expenses include compensation and benefits for employees involved with sales, product development and various support functions, promotional expenses, rent, amortization of leasehold improvements, depreciation of furniture and fixtures, and office expenses. The components of other expenses are professional fees and miscellaneous expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

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

Clearing Fees

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

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market investments.

Investments

Investment securities are classified as available-for-sale securities and are reported at market value or fair value as determined by management. Unrealized gains and losses on available-for-sale securities are recognized as a separate component of stockholders' equity, net of tax until sold.

Property, Equipment, and Leasehold Improvements

Depreciation of computers and related equipment acquired before September 1, 1994 is recognized using the double declining balance method over estimated useful lives of five years. Computers and related equipment acquired after September 1, 1994 are depreciated on a straight-line basis over estimated useful lives of three years. Depreciation of furniture and fixtures is recognized using the double declining balance method over estimated useful lives of five years. Leasehold improvements are amortized on a straight-line basis over the terms of the related leases or estimated useful lives of the improvements, whichever period is shorter.

Deferred Taxes

Deferred taxes are determined in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes." The deferred tax provision is derived from changes in deferred taxes on the balance sheet. Under SFAS No. 109 consideration is given to 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 are recognized immediately upon enactment. The Company records deferred taxes for such items as accrued compensation, deferred fees and commissions, and property, equipment, and leasehold improvements.

Stock-Based Compensation

The Company follows the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation.

Earnings Per Share

In fiscal 1998, the Company adopted SFAS No. 128, Earnings Per Share ("EPS"). Basic EPS excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if common stock equivalents were converted into common stock and then shared in the earnings of the Company. Diluted EPS is computed by dividing net income by the weighted average number of both common shares and common share equivalents outstanding. The weighted average number of common shares outstanding includes shares issued to the Company's employee stock ownership plan at the date authorized by the Board of Directors. In the diluted EPS calculation, shares available pursuant to grants made under the Company's stock option plans are included as common stock equivalents using the treasury stock method.

New Accounting Pronouncements

In June 1997, SFAS No. 130, Reporting Comprehensive Income, and SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information, were issued. Disclosures required by these statements will be effective for the Company's 1999 fiscal year.

In March 1998, Statement of Position 98-1, Accounting for The Costs of Computer Software Developed or Obtained for Internal Use was issued. This statement is effective for the Company's fiscal year ending in 2000. The impact from adoption of this new accounting pronouncement has not yet been determined.

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

OVERVIEW

The Company

FactSet Research Systems Inc. is the 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 100 databases creates a comprehensive, "one stop" source for financial and economic information, news, and commentary on tens of thousands of companies and 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, principally custom reports designed by and for the user. FactSet markets its services to investment managers, investment banks, and other financial services institutions throughout the world.

Business Environment

The strength of global financial markets has some influence on the demand for the Company's products and services.

The demand for FactSet's services has been positively impacted by the overall strength of the financial markets worldwide. While there is no reason to believe future demand for the Company's products and services will diminish, a prolonged decline in the global financial markets could adversely impact the Company's results of operations, cash flows and financial position.

Although the Asian and Pacific Rim financial markets have experienced significant volatility during the past year, the Company's revenues for the nine months ending May 31, 1998 grew by over 30% versus the comparable period a year earlier. Revenues over the first nine months of fiscal 1997 more than doubled compared to fiscal 1996. Less than 5% of total consolidated revenue is generated from the Company's Asian operations. Accordingly, should volatility in the Asian and Pacific Rim stock markets persist, the impact on the Company's future results of operations, cash flows and financial position is not expected to be material.

Investments

The Company continues to make significant investments in technology and people in order to expand in the global marketplace. Among its major capital expenditures during the first nine months of fiscal 1998, the Company purchased four Digital Equipment ("DEC") Alpha 8480/625 mainframe machines for its data centers. Six existing DEC Alpha mainframe machines were also upgraded to run on eight 625mhz CPU's and 10 gigabytes of RAM. The number of DEC Alpha machines owned by the Company currently totals ten.

Expansion of the Company's workforce also continues. At May 31, 1998, the Company employed 239 individuals, an increase of 45% from the end of the third quarter of fiscal 1997. To facilitate the growth of the organization, the Company has signed leases in fiscal 1998 to expand its office space in New York City, San Mateo (California), Tokyo and Connecticut.

The projected level of the Company's total capital spending for these investments in technology and infrastructure will likely exceed $13.0 million in fiscal 1998.

The Company is actively developing programs to adjust mainframe applications and data provided by third parties to be fully year 2000 compliant. All year 2000 changes take place at the Company's mainframe centers and will not require a separate program installation on each user personal computer or network. While there can be no absolute assurance of completion by year 2000, the Company does not believe this transition will have a material adverse impact on its future results of operations, cash flows, or financial position.

RESULTS OF OPERATIONS

	Three Months Ending May 31,			Nine Months Ending May 31,		
Unaudited and in thousands, except per share data	1998	1997	Change	1998	1997	Change
Revenues	$20,196	$15,097	33.8%	$56,747	$41,906	35.4%
Operating expenses	14,783	11,195	32.1	41,880	31,163	34.4
Operating income	5,413	3,902	38.7	14,867	10,743	38.4
Income before income taxes and extraordinary gain	5,793	4,137	40.0	15,998	11,301	41.6
Net income before extraordinary gain	3,267	2,358	38.5	8,971	6,412	39.9
Extraordinary gain, net of income taxes	-	-		242	-	
Net income	3,267	2,358	38.5	9,213	6,412	43.7
Diluted earnings per common share	$0.30	$0.22	36.4%	$0.84	$0.59	42.4%

Revenues

Revenues for the quarter ending May 31, 1998 increased 33.8% to $20.2 million versus $15.1 million for the third quarter of fiscal 1997. For the first nine months of fiscal 1998, revenues increased 35.4% to $56.7 million from $41.9 million for the first nine months of fiscal 1997. Additional subscriptions to services and passwords and new client additions drove this growth. The number of passwords in use grew to over 13,000 at May 31, 1998, approximately a 45% increase from the third quarter of fiscal 1997. The client count at May 31, 1998 was 548, a net increase of 74 clients over the past twelve months.

For the three months ending May 31, 1998, revenues from international operations were $2.6 million, a 47% increase over the year ago period. International revenues for the first nine months of fiscal 1998 increased 62% to $7.0 million, when compared to the first nine months of fiscal 1997. International operations accounted for approximately 13% of consolidated revenue for the third fiscal quarter and 12% for the first nine months of fiscal 1998, up from 12% and 10% for the comparable periods a year earlier. The majority of international clients pay for services in U.S. dollars and the net monetary assets held by the Company's foreign offices are insignificant. Accordingly, the Company's exposure to foreign currency fluctuations is immaterial.

Total client commitments at May 31, 1998 were $84.0 million, up 34% from May 31, 1997 ("Commitments" represent a freeze frame of the annual revenue that the Company would receive from a particular client based on the services currently being supplied to that client). The average commitment per client increased 16% to $153,000, resulting from additional subscription to services and passwords by existing clients. Client retention continued at a rate in excess of 95% in the third quarter of fiscal 1998. As of May 31, 1998, no individual client accounted for more than 4% of total commitments, and commitments from the top ten clients did not exceed 15% of the total. As a matter of policy, the Company does not seek to enter into written contracts with its clients and clients can add or delete services at any time. Commitments have historically grown in virtually every month.

Operating Expenses

Cost of services includes employee compensation and benefits (for employees engaged in software engineering and consulting), clearing fees, data costs, computer maintenance and depreciation expenses, and communication costs. For the quarter ended May 31, 1998, costs of services were up 28% to $7.7 million when compared to the third quarter of fiscal 1997. In the first nine months of fiscal 1998, cost of services increased 32.1% over the year earlier period to $22.2 million. These increases are largely due to higher employee compensation and benefit expenses and increased depreciation expense on computer equipment. For the quarter ended May 31, 1998, employee compensation and benefits rose $900,000 versus the year ago period. During the first nine months of fiscal 1998, employee compensation and benefits increased $2.5 million over fiscal 1997's comparable period. These increases were attributable to employee additions and merit raises. Employee headcount in the engineering and consulting departments increased 57% over the past twelve months. Depreciation expense on computer equipment in fiscal 1998's third quarter increased $600,000 versus the third quarter of fiscal 1997. For the first nine months of fiscal 1998, depreciation expense on computer equipment increased $1.0 million when compared to the first nine months of fiscal 1997. Higher depreciation expense was caused by increased computer equipment purchases. For the first nine months ending May 31, 1998, computer equipment purchases increased $4.8 million over fiscal 1997's comparable period.

Selling, general, and administrative ("SG&A") expenses include employee compensation and benefits (for employees engaged in sales, product development, and various support functions), promotional expenses, rent, amortization of leasehold improvements, depreciation on furniture & fixtures, and office expenses. For the third quarter of fiscal 1998, SG&A expenses were $6.4 million, a 39.2% increase over the year ago period. For the nine months ended May 31, 1998, SG&A expenses rose to $17.5 million or 37.2% when compared to the prior year period. These increases were attributable to higher employee compensation and promotional expenses. During the third quarter of fiscal 1998, employee compensation and benefits rose $1.1 million from the comparable period in fiscal 1997. For the nine months ended May 31, 1998, employee compensation and benefits increased $3.1 million when compared to the first nine months of fiscal 1997. These increases were due to employee additions and merit raises. At May 31, 1998 employee headcount in the sales, product development, and various other support departments increased 31% when compared to May 31, 1997. For the three months ended May 31, 1998, promotional expenses rose $400,000 over the prior year period. Over the first nine months of fiscal 1998, promotional expenses increased $800,000 when compared to the year earlier period. Promotional expense increases were the result of higher travel costs associated with supporting a larger client base.

Operating Margins

For the quarter ended May 31, 1998, operating margins increased 100 basis points when compared to the three months ended May 31, 1997. Operating margins for the nine months ended May 31, 1998 rose 60 basis points when compared to the year ago period. The margin improvement was primarily the result of declining clearing fees caused by an increasing number of clients selecting to pay for the Company's services with cash versus commissions on securities transactions, and declining data costs as a percentage of revenue. These improvements were partially offset by higher compensation and benefits due to employee additions in various departments.

A higher margin is generated from fee (cash) revenue than from commission revenue. Although net revenue to the Company are the same under both payment methods, commission clients pay a higher amount than cash paying clients. This additional fee is charged in order to cover clearing fees paid by the Company. The continuing shift from commission to fee revenue has caused clearing fees to decline as a percentage of revenue. During the third quarter of fiscal 1998, cash revenue increased to 58% of total revenues compared to 53% for the comparable year ago period. For the nine months ended May 31, 1998, cash revenue amounted to 57% of total revenues versus 53% for the nine months ended May 31, 1997. Data costs declined as a percentage of revenues due to certain database charges being directly assumed by the Company's clients as of January 1, 1998. Depending on the data vendor, clients pay data fees to the Company or directly to the data vendor. When data fees are paid by the client to the Company, separate data charges are assessed to the Company by the data vendor. Accordingly, a higher margin is generated by the Company when a data vendor bills and collects the data charge directly from the client.

Net Income and Earnings Per Share

During the quarter ended May 31, 1998, net income increased 38.5% to $3.3 million when compared to the year ago period. For the nine months ended May 31, 1998, net income was $9.2 million, up 43.7% from the first nine months of fiscal 1997. A $242,000 extraordinary after tax gain was recorded during the second quarter of fiscal 1998 resulting from the sale of the Company's investment in a limited partnership. Excluding this sale, net income was $9.0 million for the first nine months of fiscal 1998, an increase of 40% over the prior year period. Basic earnings per common share was $0.34 for the third quarter of fiscal 1998 and $0.96 for the first nine months ended May 31, 1998. Diluted earnings per common share was $0.30 for the quarter ended May 31, 1998 and $0.84 for the first nine months of fiscal 1998. Excluding the extraordinary gain, for the first nine months ending May 31, 1998, basic earnings per common share was $0.93, up 38.8% from the year ago period and diluted earnings per common share was $0.82, up 39% when compared to the first nine months of fiscal 1997.

Liquidity

Cash generated by operating activities amounted to $13.0 million for the first nine months of fiscal 1998 compared to $12.1 million in the comparable period a year ago. This increase was the result of higher profitability and non-cash expenditures partially offset by added receivables from an expanded client base. Cash used in investing activities increased to $9.0 million versus $5.6 million a year ago primarily due to an 85% increase in capital spending offset by proceeds from the sale of an investment in a limited partnership. As discussed earlier in the caption "Future Investments", the Company projects that capital spending in fiscal 1998 will likely exceed $13.0 million.

All capital and operating expense requirements have been financed by cash from operations. Cash and cash equivalents at May 31, 1998 amounted to $31.0 million. The Company has no outstanding indebtedness.

Accounting Pronouncements

In June 1997, SFAS No. 130, Reporting Comprehensive Income; and SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information, were issued. In March 1998, Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use was issued. Refer to Note 2, "Accounting Policies" for further information.

Forward-Looking Statements

This Management's Discussion and Analysis of the Company's results of operations and financial condition contains forward-looking statements that are based on management's current expectations and beliefs. The phrases "no reason to believe," "could adversely impact," "is not expected," "continues," "projected level," "will likely exceed," "does not believe," and "commitments" are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions which are difficult to predict ("future factors"). Therefore, actual results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements as a result of new information, future events, or otherwise. Future factors include the ability to hire qualified personnel, maintenance of the Company's leading technological position; the successful negotiation of contract terms supporting new and existing databases; the ongoing employment of key personnel; the absence of U.S. or foreign governmental regulation restricting international business; and the sustainability of historical levels of profitability and growth rates in cash flow generation.

Part II OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 2. Changes in Securities: None

Item 3. Defaults Upon Senior Securities: None

Item 4. Submission of Matters to a Vote of Security Holders: None

Item 5. Other Information: None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
Exhibit Number

3.1....................................Restated Certificate of Incorporation (1)
3.2...By-laws (1)
4.1...Form of Common Stock (1)
10.1........................Form of Employment Agreement between the Company and Howard E. Wille and Charles J. Snyder (1)
10.2.................Letter Agreement between the Company and Ernest S. Wong (1)
27...Financial Data Schedules
(1)Incorporated by reference to the Company's Registration Statement on Form S-1 (File No.333-4238)

(b) Reports on Form 8-K: None

SIGNATURE

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

FACTSET RESEARCH SYSTEMS INC.

Date: July 15, 1998 BY: /s/ ERNEST S. WONG
Ernest S. Wong,
Senior Vice President, Chief Financial Officer
and Secretary