

FACTSET RESEARCH SYSTEMS INC
Form DEF 14A
October 30, 2008
Table of Contents

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

FACTSET RESEARCH SYSTEMS INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

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Table of Contents

October 30, 2008

Dear Stockholder:

You are cordially invited to attend the Fiscal 2008 Annual Meeting of Stockholders of FactSet Research Systems Inc., which will be held at our corporate headquarters at 601 Merritt 7, Norwalk, CT 06851 on Tuesday, December 16, 2008, at 2:00 p.m. Eastern Standard Time. I look forward to greeting you at the meeting.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting and Proxy Statement.

On behalf of the Board of Directors, I would like to express our appreciation for your continued support and loyalty.

Sincerely,

Philip A. Hadley

Chairman of the Board and Chief Executive Officer

Table of Contents

FACTSET RESEARCH SYSTEMS INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

December 16, 2008

2:00 p.m. Eastern Standard Time

Dear Stockholder:

The Annual Meeting of Stockholders of FactSet Research Systems Inc. (FactSet or the Company), a Delaware corporation will be held at FactSet s corporate headquarters at 601 Merritt 7, Norwalk, CT 06851, on Tuesday, December 16, 2008, at 2:00 p.m. Eastern Standard Time for the following purposes:

1. To elect two directors to the Board of Directors, each for a three-year term and to elect one director to the Board of Directors for a two-year term.
2. To ratify the appointment of the accounting firm of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending August 31, 2009.
3. To ratify the adoption of the Company s 2008 Non-Employee Directors Stock Option Plan.
4. To ratify the adoption of the Company s 2008 Employee Stock Purchase Plan.
5. To ratify the amendment to the Company s By-laws to require advance notice to the Company of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders in the manner provided by the Company s By-laws.
6. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

These items are more fully described in the following pages, which are made part of this notice. Only stockholders of record at the close of business on October 20, 2008 are entitled to notice of, and to vote at, this meeting.

The Proxy materials are also available for you to review online at <http://bnymellon.mobular.net/bnymellon/FDS>

To request a free paper copy of the Proxy materials, please call 1-888-313-0164, or you may request a paper copy by email at shrelations@bnymellon.com, or by logging onto <http://bnymellon.mobular.net/bnymellon/FDS>. If you have Internet access, we encourage you to record your vote on the Internet. It is convenient, and it saves your company significant printing and processing costs.

BY ORDER OF THE BOARD OF DIRECTORS

Rachel R. Stern

Senior Vice President, General Counsel and Secretary

Norwalk, Connecticut

October 30, 2008

Table of Contents

TABLE OF CONTENTS

	Page
General Instructions	2
Matters to be Considered at the Annual Meeting	
<u>Proposal 1: Election of Directors</u>	3
<u>Proposal 2: Ratification of Independent Registered Public Accounting Firm</u>	4
<u>Proposal 3: Ratification of the 2008 Non-Employee Directors Stock Option Plan</u>	6
<u>Proposal 4: Ratification of the 2008 Employee Stock Purchase Plan</u>	8
<u>Proposal 5: Ratification of the amendment to the By-laws</u>	10
<u>Corporate Governance</u>	11
<u>Audit Committee Report</u>	14
Director Compensation	
<u>Director Compensation Program</u>	15
<u>Director Summary Compensation</u>	16
<u>Director Nominations</u>	16
<u>Executive Officers</u>	18
<u>Compensation Committee Report</u>	19
<u>Compensation Discussion and Analysis</u>	20
Executive Compensation	
<u>Summary Compensation</u>	25
<u>Grants of Plan-Based Awards</u>	26
<u>Outstanding Equity Awards at Fiscal Year-End</u>	27
<u>Option Exercises and Stock Vested</u>	28
<u>Nonqualified Deferred Compensation</u>	28
<u>Pension Benefits</u>	28
<u>Potential Payments upon Termination or Change in Control</u>	28
<u>Acceleration of Equity Awards</u>	29
<u>Security Ownership of Certain Beneficial Owners and Management</u>	30
<u>Equity Compensation Plan Information</u>	32
<u>Certain Relationships and Related Transactions</u>	32
<u>Other Matters</u>	33
Appendices	
<u>Appendix A: 2008 Non-Employee Directors Stock Option Plan</u>	
<u>Appendix B: 2008 Employee Stock Purchase Plan</u>	
<u>Appendix C: Amendment to the Company By-laws</u>	

Table of Contents

FACTSET RESEARCH SYSTEMS INC.

601 Merritt 7

Norwalk, Connecticut 06851

PROXY STATEMENT

Purpose of Meeting

The Board of Directors of FactSet Research Systems Inc. (the Company or FactSet) delivers this Proxy Statement and voting instructions, in connection with the solicitation of proxies which will be voted at the Annual Meeting of Stockholders of FactSet (the Meeting). The Meeting will be held at 2:00 p.m. Eastern Standard Time on Tuesday, December 16, 2008, at 601 Merritt 7 Norwalk, CT 06851, and any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The Proxy Statement was made available to FactSet s stockholders on October 30, 2008. The specific proposals to be considered and acted upon at the annual meeting are summarized in the accompanying Notice of Annual Meeting of Stockholders. Each proposal is described in more detail in this Proxy Statement.

Record Date and Share Ownership

The only outstanding voting security of FactSet is its Common Stock, \$0.01 par value per share (the Common Stock). Stockholders of record at the close of business on October 20, 2008 will be entitled to vote at the Meeting on the basis of one vote for each share of Common Stock held. On October 20, 2008, there were 47,368,492 shares of Common Stock outstanding.

Submitting and Revoking Your Proxy

If you complete and submit your proxy, the persons named as proxies will follow your instructions. If you submit a proxy card but do not fill out the voting instructions on the proxy card, the persons named as proxies will vote your shares as follows:

1. To elect two directors to the Board of Directors, each for a three-year term and to elect one director to the Board of Directors for a two-year term.
2. To ratify the appointment of the accounting firm of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending August 31, 2009.
3. To ratify the adoption of the Company s 2008 Non-Employee Directors Stock Option Plan.
4. To ratify the adoption of the Company s 2008 Employee Stock Purchase Plan.
5. To ratify the amendment to the Company s By-laws to require advance notice to the Company of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders in the manner provided by the Company s By-laws.
6. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

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In addition, if other matters are properly presented for voting at the annual meeting, the persons named as proxies will vote on such matters in accordance with their best judgment. We have not received notice of other matters that may be properly presented a vote at the annual meeting.

Your stockholder vote is important. Stockholders of record may vote their proxies by Internet, telephone or mail. Stockholders who execute proxies may revoke them at any time before they are exercised by written notice to the Secretary of the Company at or prior to the Meeting by timely delivery of a valid, later-dated proxy or by voting by ballot at the Meeting. The cost of the solicitation of proxies will be borne by FactSet.

Expenses of Solicitation

FactSet will bear the entire cost of preparing, printing and mailing this Notice of Annual Meeting of Stockholders and Proxy Statement, the enclosed proxy card, the Company's 2008 Annual Report on Form 10-K and any additional solicitation material that FactSet may provide to stockholders which is estimated at approximately \$100,000. The solicitation of proxies will be conducted primarily by mail, but may also include telephone, facsimile or oral communications by directors, officers or regular employees of the Company acting without special compensation. If you hold your shares through a bank, broker or other holder of record and share a single address and same last name with another stockholder, you may have received notice that only one Proxy Statement and Annual Report will be sent to your address unless you instructed the holder of record to the contrary. This practice, known as householding, reduces multiple mailings to your household and also reduces our printing and postage costs.

Table of Contents

However, if you wish to receive additional copies of our Proxy Statement or Annual Report, please contact our Investor Relations Department. The mailing address is 601 Merritt 7, Norwalk, Connecticut 06851, and the telephone number of our Investor Relations Department is (203) 810-1000. Our website address is www.factset.com.

Vote Tabulation

Under the Delaware General Corporation Law, the election of FactSet's Directors requires a plurality of the votes represented in person or by proxy at the Meeting and the ratification of the selection of independent public auditors requires that the votes in favor exceed the votes against. BNY Mellon Shareowner Services will tabulate votes cast by proxy or in person at the Meeting. If you abstain from voting on any or all proposals you will be included in the number of stockholders present at the Meeting for the purposes of determining the presence of a quorum. Abstentions will not be counted either in favor of or against the election of the nominees or other proposals. Under the rules of the Financial Industry Regulatory Authority, Inc. (FINRA), brokers holding stock for the accounts of their clients who have not been given specific voting instructions as to a matter by their clients may vote their clients' proxies at their own discretion.

Table of Contents

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

Proposal 1: Election of Directors

Stockholders will elect three Directors at the Annual Meeting of Stockholders. Two directors will hold office for a term not exceeding three years or until a successor is elected and qualified. One director will hold office for a term not exceeding two years or until a successor is elected and qualified. Your proxy will be voted in favor of those persons to serve as directors, unless you indicate to the contrary on the proxy.

Management expects that the nominees will be available for election. However, if a nominee is not a candidate when the election occurs, your proxy will be voted to elect another nominee to be designated by the Nominating and Corporate Governance Committee of the Board of Directors (the Board) to fill any vacancy. Biographical data on these nominees and the other members of the Board of Directors is presented beginning at page 11 of this Proxy Statement under the caption Board Members.

Your Board recommends that Michael F. DiChristina and Walter F. Siebecker each be elected to serve a three-year term expiring in concurrence with the Annual Meeting of Stockholders for fiscal year 2011 and Joseph R. Zimmer be elected to serve a two-year term expiring in concurrence with the Annual Meeting of Stockholders for fiscal year 2010.

Table of Contents**Proposal 2: Ratification of Independent Registered Public Accounting Firm****Proposal**

PricewaterhouseCoopers LLP was the independent auditing firm of FactSet's consolidated financial statements for fiscal 2008. Representatives of PricewaterhouseCoopers LLP will be at the Meeting to respond to appropriate questions and make a statement should they desire to do so. In addition to performing the audit services for fiscal 2008, FactSet also retained PricewaterhouseCoopers LLP to perform audit-related and non-audit related services during the year.

Independent Registered Public Accounting Firm's Fees and Services

The aggregate fees billed by PricewaterhouseCoopers LLP in connection with audit and non-audit services rendered for fiscal 2008 and 2007 were as follows:

	2008	2007
Audit fees (1)	\$ 452,000	\$ 427,000
Audit-related fees (2)	58,000	17,723
Tax fees (3)	28,500	135,000
All other fees (4)	2,400	2,400
Total	\$ 540,900	\$ 582,123

- (1) Represents fees for professional services rendered for the integrated audit of FactSet's annual consolidated financial statements and of its internal control over financial reporting, for review of the interim consolidated financial statements included in quarterly reports on Form 10-Q and for services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements.
- (2) Represents fees for assurance and related services that are reasonably related to the performance of the audit or review of FactSet's consolidated financial statements and are not reported under Audit Fees. These services include employee benefit plan audits, accounting consultations in connection with transactions, attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.
- (3) Tax fees were for services related to tax consulting and planning services.
- (4) All other fees represent fees for services provided to FactSet which are otherwise not included in the categories above. These fees primarily consist of services related to our multi-jurisdictional sales tax liabilities.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services to be provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to report periodically to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

The Audit Committee has determined that the provision of non-audit services by PricewaterhouseCoopers LLP is compatible with maintaining the independence of PricewaterhouseCoopers LLP. During 2008, all professional services provided by PricewaterhouseCoopers LLP were pre-approved by the Audit Committee in accordance with this policy.

Audit Partner and Audit Firm Rotation

The Audit Committee's policy is that the audit engagement partner should rotate off the Company's account no less frequently than every five years. The engagement partner for fiscal 2009 has been in place since September 1, 2008. With respect to audit firm rotation, the Audit Committee believes that it is inappropriate to establish a fixed limit on the tenure of the independent auditor. Continuity and the resulting in-depth knowledge of the Company strengthens the audit. Moreover, the mandatory partner rotation policy expressed above, normal turnover of audit personnel, the Audit Committee's policy regarding the hiring of auditor personnel as described below, and the Audit Committee's practices restricting non-audit engagements of the independent auditor as described below, all mitigate against any loss of objectivity that theoretically could arise from a long-term relationship. As provided in the Audit Committee's Charter and as further described below, the Audit Committee continuously evaluates the independence and effectiveness of the independent auditor and its personnel, and the cost and quality of its audit services. The Audit Committee will periodically consider alternatives to ensure that the Audit Committee and the Company's stockholders are receiving the best audit services available.

Table of Contents

Auditor Independence

As noted in the Audit Committee Charter and in the Audit Committee Report presented above, the independent auditor reports directly to the Audit Committee and the Audit Committee is charged with evaluating its independence.

Your Board recommends that you vote to ratify the Audit Committee's selection of PricewaterhouseCoopers

LLP as the independent registered public accounting firm for the fiscal year ending August 31, 2009.

Table of Contents

Proposal 3: Ratification of the 2008 Non-Employee Directors Stock Option Plan

Proposal

We are asking our stockholders to approve the FactSet 2008 Non-Employee Directors Stock Option Plan (the Plan) so that we can use it to attract and retain the best available personnel for service as non-employee directors and to encourage their continued service on our Board. Approved by the Board in October 2008, the Plan is subject to approval from our stockholders at the Annual Meeting. Approval of the Plan requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock (Shares) that are present in person or by proxy and entitled to vote at the Annual Meeting. If the stockholders approve the Plan, it will replace our 1998 Non-Employee Directors Stock Option Plan that expired on November 1, 2007, except with respect to outstanding options previously granted hereunder. Our non-employee directors have an interest in this proposal. Consistent with the 1998 stock option plan, the new Plan would provide for annual equity grants for each non-employee director but would provide greater flexibility to change the vesting schedule per option grant, modify the number of options granted on an annual basis and adjust the term of the grants. The Compensation Committee of the Board would administer the plan.

We believe strongly that the approval of the Plan is essential to our continued success. Stock options such as those provided under the Plan are vital to our ability to attract and retain highly skilled individuals to serve on the Board. In addition, due to recent statutory and regulatory changes, we seek directors that accept high levels of responsibility and devote substantial time to their service as directors.

Summary of the Plan

The following provides a summary of the principal features of the Plan and its operation. The summary is qualified in its entirety by reference to the Plan as set forth in Appendix A.

Administration

The Plan shall be administered by the Board.

Types of awards are granted under the Plan

The Plan permits the grant of stock options that do not qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (the Code).

Shares are available for issuance under the Plan

A total of 250,000 shares of FactSet common stock have initially been reserved for issuance under the Plan. The shares of common stock to be issued may be either authorized and unissued shares or shares held by the Company in its treasury. Shares that by reason of the expiration of an Option or otherwise are no longer subject to purchase pursuant to an Option granted under the Plan may be reoffered under the Plan.

Participant Eligibility

Only each non-employee director shall be eligible to participate in the Plan.

Grants of Options

The Board shall, from time to time, in its sole discretion, subject to the limitations of the Plan, grant options to each non-employee director and determine the number of shares to be subject to the option.

Terms and Conditions of the Options

Each option grant is subject to additional terms and conditions relating to the term, exercise, vesting, forms of consideration for payment, termination of directorships and nontransferability as outlined in the complete text of the Plan attached to this Proxy Statement as Appendix A.

Adjustments Upon Changes in Capitalization

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If there is a stock split, a reverse stock split, a stock dividend, a combination or reclassification of the Shares, or any other increase or decrease in the number of shares effected without receipt of consideration by the Company (except for certain conversions of convertible securities), appropriate adjustments shall be made, subject to any required action by the Company's stockholders.

Change in Control

In the event of a reorganization, recapitalization, merger or other types of change in control, the Board, shall have the right, but not the obligation, to provide that outstanding options granted under the Plan are canceled in respect of a payment of different types, or adjusted to represent options to receive cash or other consideration.

Table of Contents

Amendment and Termination of the Plan

Unless sooner terminated by action of the Board, the Plan will terminate on December 1, 2018. The Board may not grant options under the Plan after such termination date, but options granted before that date will continue to be effective in accordance with their terms.

Approval of Stockholders

The Plan shall take effect on the date on which the Plan is adopted by the Board, but its effectiveness and the exercise of any options shall be subject to the approval of the holders of a majority of the voting shares of the Company.

The complete text of the Plan is attached to this Proxy Statement as Appendix A.

**Your Board recommends that you vote FOR this item 3, the proposal to approve the 2008 Non-Employee
Directors Stock Option Plan.**

Table of Contents

Proposal 4: Ratification of the 2008 Employee Stock Purchase Plan

Proposal

We are asking our stockholders to approve the 2008 Employee Stock Purchase Plan (the Purchase Plan). The Compensation Committee recommended, and the Board of Directors approved, the Purchase Plan in October 2008, subject to approval by our stockholders at the Annual Meeting. Approval of the Purchase Plan requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock that are present in person or by proxy and duly cast at the Annual Meeting. If the stockholders approve the Purchase Plan, it will replace our 2001 Employee Stock Purchase Plan, which will terminate in accordance with its terms in 2008. We believe the Purchase Plan is a valued benefit for our U.S. employee base by allowing employees to continue to purchase shares of the Company's Common Stock through the Purchase Plan motivates high levels of performance and provides an effective means of encouraging employee commitment to the success of the Company and recruiting new employees.

Summary of the Purchase Plan

The following provides a summary of the principal features of the Purchase Plan and its operation. The following is qualified in its entirety by reference to the Purchase Plan set forth in its entirety in Appendix B.

General

The Purchase Plan is established by the Company so that employees of FactSet have an opportunity to acquire Company Common Stock. The Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Code.

Shares Available for Issuance

A total of 500,000 shares have been reserved for issuance under the Purchase Plan. In the event of any stock split, stock dividend or other change in the capital structure of the Company, appropriate adjustments will be made in the number, kind and purchase price of shares under the Plan.

Administration

The Purchase Plan shall be administered by the Compensation Committee of the Board of Directors.

Eligibility

Any individual who is employed in the U.S. (unless otherwise required by law or the Committee determines otherwise) on a full-time or part-time basis by the Company on the enrollment date (the first day of each offering period) is eligible to participate in the Purchase Plan.

Offering Period

The Purchase Plan is implemented by offering periods lasting three months (one quarter) in duration with a new offering period commencing on March 1, June 1, September 1 and December 1 of each year. To participate in the Purchase Plan, each eligible employee must authorize payroll deductions pursuant to the Purchase Plan. Such payroll deductions may not exceed 10% of the Compensation that he or she receives on each pay day during the offering period.

Option Purchase Price

Shares of our common stock may be purchased under the Purchase Plan at a purchase price equal to at least 85% of the lesser of the fair market value of our common stock on (i) the first day of the offering period or (ii) the last day of the offering period. The fair market value of the Common Stock on a given date is generally the closing sale price of the Common Stock as reported on the New York Stock Exchange for such date.

Payroll Deductions and the Purchase of Shares

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Payroll deductions are accumulated on behalf of participating employees throughout the offering period. The number of shares of Common Stock a participant may purchase in each offering period is determined by dividing the total amount of payroll deductions withheld from the participant's compensation during that offering period by the purchase price.

Withdrawal

Generally, a participant may withdraw from an offering period at any time by written notice without affecting his or her eligibility to participate in future offering periods.

Termination of Employment

Upon termination of a participant's employment for any reason, including disability or death, his or her option and participation in the Purchase Plan will immediately cease. The payroll deductions credited to the participant's account (to the extent not used to make a purchase of our common stock) will be returned to him or her or, in the case of death, to the person or persons entitled thereto as provided in the Purchase Plan.

Table of Contents

Adjustments; Merger or Asset Sale Adjustments

In the event of any stock split, stock dividend or other change in our capital structure, appropriate adjustments will be made in the number, kind and purchase price of the shares available for purchase under the Stock Purchase Plan. In the event of any merger or asset sale as defined in the Stock Purchase Plan, each option under the Employee Stock Purchase Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation.

Amendment and Termination of the Plan

The Board may at any time and for any reason terminate or amend the Purchase Plan. No amendment shall be effective unless it is approved by the holders of a majority of the votes cast at a duly held stockholders meeting, if such amendment would require stockholder approval in order to comply with Rule 16b-3 or Section 423 of the Code.

Certain Federal Income Tax Information

An employee will not have taxable income upon the grant or exercise of an option under the Plan. Upon sale or other disposition of the shares, the participant will generally be subject to tax in an amount that depends upon the holding period. If the shares are sold or otherwise disposed of more than two years from the first day of the applicable offering period and one year from the applicable date of purchase (holding periods), the participant will recognize ordinary income measured as the lesser of (a) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price, or (b) an amount equal to 15% of the fair market value of the shares as of the first day of the applicable offering period. Any additional gain will be treated as long-term capital gain and if the employee sells the stock for less than the purchase price, the difference is a long-term capital loss.

The complete text of the Purchase Plan is attached to this Proxy Statement as Appendix B.

Your Board recommends that you vote FOR this item 4, the proposal to approve the 2008 Employee Stock Purchase Plan and the reservation of 500,000 shares hereunder.

Table of Contents

Proposal 5: Ratification of the Amendment to the By-laws

Proposal

We are asking our stockholders to approve the adoption of an amendment to FactSet's By-laws to require advance notice to the Company of stockholder nominations for election of directors and for other business to be brought by stockholders before a meeting of stockholders in the manner provided by the Company's By-laws (the Amendment). The Board approved the amendment to the By-laws in October 2008 and is subject to approval from our stockholders at the Annual Meeting. Approval of the Amendment requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock.

Purpose of the Amendment

The Board of Directors recommends that the Company's By-laws be amended to replace Article Six with a new Article Six, which provides that the only business that may be conducted at any annual meeting of the stockholders is business that has been brought before the annual meeting by, or at the direction of, the majority of the directors or by any stockholder of the Company who provides timely notice of the proposal in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to, or mailed to and received at, the principal executive offices of the Company not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date.

Communication with the Secretary of the Company

The stockholder's notice to the Secretary must set forth in writing each matter the stockholder proposes to bring before the annual meeting including other information deemed necessary for the Company to evaluate the proposal appropriately. The determination as to whether the notice provisions have been met will be made by the presiding officer at the annual meeting. This provision applies only to new business and not to other reports of officers, directors, or committees of the Board of Directors.

Advantages of Provision Concerning Notice Requirements for Stockholder Proposals.

The proposed amendment provides an orderly procedure for the notification of the Board of business which is to be presented at stockholders meetings. This will enable the Board to plan such meetings and also, to the extent it deems it necessary or desirable, to inform the stockholders, prior to the meeting, of any new business that will be presented at the meeting. The Board will also be able to make a recommendation or statement of its position so as to enable stockholders to better determine whether they desire to attend the meeting or grant a proxy to the Company as to the disposition of any such business. The proposed Amendment does not give the Board any power to approve or disapprove the business that stockholders desire to be conducted at the meeting, but it does provide for a more orderly procedure for conducting the meeting.

Disadvantages to Provision Concerning Notice Requirements for Stockholder Proposals

The proposed Amendment will require stockholders to think in advance to initiate discussion at a stockholders' meeting. It will also preclude the conducting of business at a particular meeting if the proper notice procedures have not been followed.

The provision requiring notice for stockholder proposals is set forth in proposed new Article Six of the Company's By-laws, attached as Appendix C of this proxy statement. If approved by the stockholders of FactSet, the new Article Six will replace the existing Article Six and will become effective upon its filing with the Secretary of State of the State of Delaware.

Your Board recommends that you vote FOR this item 5, the proposal to ratify the Amendment to the Company's By-laws to require advance notice to the Company of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders in the manner provided by the Company's By-laws.

Table of Contents**CORPORATE GOVERNANCE**

Director Independence. On September 22, 2008, the Company's Board of Directors reviewed the independence of its Directors under the applicable standards of the New York Stock Exchange. Each director, other than Messrs. Hadley and DiChristina, qualifies as independent in accordance with those published listing requirements. The independent Directors constitute a majority of the directors of the Company. Mr. McGonigle serves as the Lead Independent Director and chairman of the Nominating and Corporate Governance Committee. He presides over executive sessions of the non-management Directors. The independent Directors meet at least four times annually after the end of each scheduled quarterly meeting of the Board of Directors.

Board Members. The following discussion presents information about the persons who comprise FactSet's Board of Directors, including the three nominees for election.

Scott A. Billeadeau, Director. Mr. Billeadeau, age 47, joined Fifth Third Asset Management (Fifth Third) in March of 2003 with the combination of Paladin Investment Associates, LLC (Paladin) with Fifth Third. He is the Managing Director of Small-cap and Mid-cap Growth Strategies and is responsible for managing nearly \$1 billion in assets. Prior to joining Fifth Third, he was a Principal, Founder and Senior Portfolio Manager with Paladin. Prior to co-founding Paladin, Mr. Billeadeau spent eight years managing over \$2 billion in small-cap and mid-cap assets for Bank of America and Nations Bank. Mr. Billeadeau began his career in 1985 with American Express Financial Advisers, previously IDS Financial Services, Inc., where he was a quantitative analyst. Mr. Billeadeau received a B.A. in Economics from Princeton University and has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute. Mr. Billeadeau is the Chairman of the Audit Committee and has served on the Board since January 2001. His current Board term expires in concurrence with the Annual Meeting of Stockholders for fiscal 2009.

Michael F. DiChristina, President, Chief Operating Officer and Director. Mr. DiChristina, age 46, joined FactSet in 1986 as a Software Engineer and held the position of Director of Software Engineering from 1990 to 1999. Prior to joining FactSet, Mr. DiChristina was a Software Engineer at Morgan Stanley & Co. Mr. DiChristina received a B.S. in Electrical Engineering from Massachusetts Institute of Technology. Mr. DiChristina has served on the Board since March 2000. Mr. DiChristina is nominated for a three-year term, which would expire in concurrence with the Annual Meeting of Stockholders for fiscal 2011.

Philip A. Hadley, Chairman of the Board of Directors, Chief Executive Officer and Director. Mr. Hadley, age 46, was named Chairman and Chief Executive Officer of FactSet on September 5, 2000. Mr. Hadley joined FactSet in 1985 as a Consultant. From 1986 to 1989, Mr. Hadley was our Vice President, Sales. From 1989 to 2000, Mr. Hadley was Senior Vice President and Director of Sales and Marketing with FactSet. Prior to joining the Company, Mr. Hadley was employed by Cargill Corporation. Mr. Hadley received a B.B.A. in Accounting from the University of Iowa and has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute. Mr. Hadley has served on the Board since September 2000. His current Board term expires in concurrence with the Annual Meeting of Stockholders for fiscal 2009. In addition, Mr. Hadley currently serves as a member of the board of advisors of Kum & Go.

Joseph E. Laird, Jr., Director. Mr. Laird, age 63, serves as Chairman and Chief Executive Officer of Laird Squared LLC, an investment banking company that he formed in January 1999, exclusively to serve the database information services industry. From 1989 to 1999, Mr. Laird was a Managing Director of Veronis, Suhler & Associates, a leading specialty merchant bank that serves the media and information industries. From 1982 to 1989, he was an institutional equity salesman and a senior securities analyst of database information services for Hambrecht & Quist. From 1975 to 1982, Mr. Laird was an institutional equity salesman and investment strategist for PaineWebber Mitchell Hutchins. Mr. Laird has also served as a director of The Advisory Board Company and Valassis Communications. Mr. Laird is the Chairman of the Compensation Committee and has served on the Board since 1993. His current Board term expires in concurrence with the Annual Meeting of Stockholders for fiscal 2010.

James J. McGonigle, Director. Mr. McGonigle, age 45, serves as a special advisor to the Board of The Corporate Executive Board Company (CEB). CEB specializes in providing to corporations best practices research and analysis focusing on corporate strategy, operations and general management issues. Prior to his role as special advisor to the Board, he served as the director and non-Executive Chairman of the Board of CEB from July 2005 until January 2008. From July 1998 until July 2005, Mr. McGonigle served as CEB's Chief Executive Officer. From the spin-off in October 1997 until July 1998, Mr. McGonigle was CEB's General Manager, and from 1995 until the spin-off, he was the General Manager of the corporate division of The Advisory Board Company with responsibility for managing the business assumed in the spin-off. From 1990 to 1995, Mr. McGonigle was a consultant in the Financial Institutions Group at McKinsey & Company, an independent consulting firm. Mr. McGonigle received

Table of Contents

a B.A. from the Woodrow Wilson School at Princeton University and a J.D. from Harvard Law School. Mr. McGonigle has served on the Board since May 2002 and is the Chairman of the Nominating and Corporate Governance Committee and is a member of the Compensation Committee. On September 19, 2005, Mr. McGonigle was named the Lead Independent Director. His current Board term expires in concurrence with the Annual Meeting of Stockholders for fiscal 2010.

Walter F. Siebecker, Director. Mr. Siebecker, age 67, serves as President of Burgess Consulting LLC. Mr. Siebecker was a managing director of the Depository Trust and Clearing Corporation (DTC). He joined the National Securities Clearing Corporation (NSCC), a subsidiary of DTC, in 1996 as a Managing Director in charge of the organization s Annuity Processing Service. Mr. Siebecker s background is in retail and institutional investment services in the domestic and global markets. Prior to joining NSCC, Mr. Siebecker was a consultant to the Trading Services Division at Lehman Brothers and spent 16 years at Salomon Smith Barney Inc., where he was responsible for the Operations Division as Executive Vice President and Chief Operations Officer. Mr. Siebecker is a member of the Audit Committee and the Compensation Committee and has served on the Board since November 1997. Mr. Siebecker is nominated for a three-year term, which would expire in concurrence with the Annual Meeting of Stockholders for fiscal 2011.

Charles J. Snyder, Vice Chairman of the Board of Directors and Director. Mr. Snyder, age 66, a co-founder of FactSet in 1978, retired as President and Chief Technology Officer of the Company on August 31, 1999. At that time he became Vice Chairman of the Board and agreed to continue as a consultant for three years to FactSet s engineering and technology groups. In conjunction with FactSet s announcement of Howard Wille s retirement as Chief Executive Officer of FactSet effective May 22, 2000, Mr. Snyder was named our interim Chief Executive Officer. Mr. Snyder acted as interim Chief Executive Officer of FactSet until September 5, 2000, at which time Philip A. Hadley was named Chairman and Chief Executive Officer. From 1964 to 1977, Mr. Snyder worked for Faulkner, Dawkins & Sullivan, Inc., eventually becoming Director of Computer Research, a position he retained with Shearson Hayden Stone, Inc. after its acquisition of Faulkner, Dawkins & Sullivan, Inc. in 1977. Mr. Snyder has been a Director of FactSet since its formation in 1978 and is currently a member of the Nominating and Corporate Governance Committee. His current Board term expires in concurrence with the Annual Meeting of Stockholders for fiscal 2010.

Joseph R. Zimmer, Director. Mr. Zimmer, age 55, is a financial consultant and retired Managing Director of Goldman, Sachs & Co. From December 2001 until November 2002, Mr. Zimmer served as an Advisory Director to the Goldman Sachs Group. In the investment banking division at Goldman, Sachs & Co., Mr. Zimmer held the position of Managing Director of the Communications, Media & Entertainment Group for the Americas from 1999 to 2001, after acting as a Managing Director and a co-head of the group from 1992 to 1999. In addition to his appointment to FactSet s Board of Directors, Mr. Zimmer currently serves as a member of the board of directors of CenturyTel, Inc. He has also served on the board of directors of Digitas Inc. Mr. Zimmer is currently a member of the Audit Committee and the Nominating and Corporate Governance Committee. Mr. Zimmer is nominated for a two-year term, which would expire in concurrence with the Annual Meeting of Stockholders for fiscal 2010.

Board of Directors Meetings and Committees

Board Responsibilities and Structure. FactSet s Board of Directors has adopted corporate governance guidelines which help govern the Company. You can access these corporate governance guidelines, along with each of our Board Committee charters at the Corporate Governance Highlights page of the Investor section of our website at www.factset.com or request a free copy by contacting Investor Relations at FactSet Research Systems Inc., 601 Merritt 7, Norwalk, CT 06851. Directors are expected to attend regularly and participate in meetings of the Board and of committees on which the Director serves. The Company does not have a policy with regard to Directors attendance at annual stockholder meetings. The Company s Board of Directors met nine times during fiscal 2008, of which four were regularly scheduled quarterly meetings.

Board Committees and Charters. The Board delegates various responsibilities and authority to different Board committees. Committees regularly report on their activities and actions to the full Board. The Board of Directors has three standing Committees: the Compensation Committee, the Audit Committee and the Nominating and Corporate Governance Committee. All directors attended 100% of the regular meetings of the Board and at least 75% of other meetings of the full Board. All directors who served on committees of the Board attended 75% or more of the meetings of the committees on which they served during fiscal 2008.

Table of Contents

The following table identifies the committee members as of October 30, 2008.

		Committee Name	Nominating and Corporate Governance
Independent Directors	Audit	Compensation	
Scott A. Billeadeau *	Chairperson	Chairperson	
Joseph E. Laird, Jr.		Member	Chairperson
James J. McGonigle**	Member	Member	
Walter F. Siebecker			Member
Charles J. Snyder	Member		Member
Joseph R. Zimmel			
Employee Directors			
Philip A. Hadley			
Michael F. DiChristina			

* Financial Expert

** Lead Independent Director

Audit Committee. The Audit Committee assists the Board of Directors in fulfilling its oversight review of FactSet's internal and external financial reporting processes. Its primary responsibilities include: meeting with financial management and the independent auditors to review our system of internal controls; assessing the quality of FactSet's accounting principles and financial reporting; reviewing the external audit process as conducted by FactSet's independent auditors; reviewing the financial information provided to stockholders and other external parties; and preparing the report of the Audit Committee included in the definitive proxy statement on a yearly basis. The Board has determined that Mr. Billeadeau qualifies as the audit committee financial expert as defined in Item 401(h) of Regulation S-K of the Securities Exchange Act of 1934, as amended. The Board has also determined that each member of the Audit Committee is independent under the standards of the New York Stock Exchange and has sufficient knowledge in reading and understanding the company's financial statements to serve on the Audit Committee. The Audit Committee met five times during fiscal 2008.

Under the Audit and Non-Audit Service Pre-Approval Policy adopted by the Audit Committee, all audit and non-audit services to be performed by the independent registered public accounting firm for the Company require pre-approval by the Audit Committee. In some cases, pre-approval relates to audit or non-audit services that fall within certain established categories and budgets, and in other cases a particular defined task or scope of work may be pre-approved subject to a specific budget. Pre-approvals may be granted by either the full Audit Committee or, by any member of the Audit Committee pursuant to delegated authority. Any pre-approvals by an Audit Committee member pursuant to this delegated authority shall be reported to the Audit Committee at its next scheduled meeting. The Audit Committee may not delegate pre-approval authority to management.

Compensation Committee. The primary responsibilities of the Compensation Committee are to review and approve the compensation policies for the Chief Executive Officer and other key executive officers of the Company, oversee the Company's administration of its equity-based compensation policies, approve grants of stock options to officers and employees of the Company under its stock option plans, establish annual performance goals for the Company's principal executive officers and assess the quality of the performance of those executive officers. The Compensation Committee met four times during fiscal 2008.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee reviews the qualifications of candidates for nomination as Directors, makes recommendations to the Board regarding prospective nominees to the Board, issues recommendations to the Board regarding corporate governance issues and, as appropriate, assists in succession planning for senior management of FactSet. The Nominating and Corporate Governance Committee will consider nominees recommended by security holders in written communications to FactSet's Secretary. The Nominating and Corporate Governance Committee met once during fiscal 2008 and all members of the Committee attended.

Table of Contents

Additional Corporate Governance Information

Code of Business Conduct. The Company has adopted a Code of Business Conduct and Ethics that applies to all the Company's employees, including the Company's principal executive officer, principal financial officer and principal accounting officer, all other officers and the Company's directors. A copy of the Code of Business Conduct and Ethics is available on the Company's website at www.factset.com on the Corporate Governance Highlights page of the Investor section. You may also request a copy of the Code of Business Conduct and Ethics by writing to us at Investor Relations, FactSet Research Systems Inc., 601 Merritt 7, Norwalk, CT 06851. Any amendment to the Code of Business Conduct and Ethics (other than technical, administrative or non-substantive amendments), and any waiver of a provision of the Code that applies to a member of our Board or one of our executive officers will be promptly disclosed on the Corporate Governance Highlights page of the Investor section of our website.

Contacting the Board. Stockholders and other interested parties may contact the Board or the Lead Independent Director by sending their correspondence to: Board of Directors, c/o Corporate Secretary, FactSet Research Systems Inc., 601 Merritt 7, Norwalk, CT 06851; facsimile number: 203-810-1001; email address: board@factset.com. The Corporate Secretary will review all communications and forward them to the Chairman of the Board or the Lead Independent Director, as appropriate. The Corporate Secretary may, however, filter out communications that do not relate to our business activities, operations or our public disclosures, but will maintain a record of these communications and make them available to the Chairman of the Board or the Lead Independent Director (solicitations will not be recorded or forwarded). Any communications received by the Chairman or Lead Independent Director regarding concerns relating to accounting, internal accounting controls or auditing matters will be immediately brought to the attention of the Audit Committee and will be handled in accordance with the procedures established by the Audit Committee to address these matters.

AUDIT COMMITTEE REPORT

The Board of Directors has charged the Audit Committee with a number of responsibilities, including review of the adequacy of our financial reporting and accounting systems and controls. The Board has reviewed the New York Stock Exchange listing standards' definition of independence for audit committee members and has determined that each member of the Audit Committee meets that standard. The Audit Committee has a direct line of communication with PricewaterhouseCoopers LLP, FactSet's independent public auditors.

The responsibilities of the Audit Committee are set forth in its Charter which is available on the Company's website at www.factset.com. In fulfilling its responsibility, the Audit Committee discusses with our independent public auditors the overall scope and specific plans for their audit. The Audit Committee has reviewed FactSet's audited consolidated financial statements for fiscal 2008 with management and with PricewaterhouseCoopers LLP. Such review included discussions concerning the quality of accounting principles as applied and significant judgments affecting our financial statements. In addition, the Audit Committee has discussed with PricewaterhouseCoopers LLP matters such as the quality and acceptability of FactSet's accounting principles as applied in its financial reporting, as required by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Volume 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received from PricewaterhouseCoopers LLP written disclosures concerning such auditors' independence from FactSet and has discussed with PricewaterhouseCoopers LLP its independence, as required by the Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as adopted by the Public Company Accounting Oversight Board in Rule 3600T and Rule 3526, *Auditor Independence*. The Audit Committee recommended to the Board of Directors and the Board has approved the selection of the independent public auditors.

In reliance on the reviews and discussions conducted with management and the independent public auditors, the Audit Committee has recommended to the Board and the Board has approved, the inclusion of the audited consolidated financial statements for fiscal year ended August 31, 2008 in FactSet's 2008 Annual Report on Form 10-K, for filing with the Securities and Exchange Commission.

SUBMITTED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Scott A. Billeadeau, Chairman

Walter F. Siebecker

Joseph R. Zimmel

Table of Contents

DIRECTOR COMPENSATION

Director Compensation Program

The general policy of the Board is that compensation for independent directors should be a mix of cash and equity-based compensation. FactSet does not pay management directors for Board service in addition to their regular employee compensation. The Compensation Committee, which consists solely of independent directors, has the primary responsibility for reviewing and considering any revisions to director compensation. The Board reviews the committee's recommendations and determines the amount of director compensation. Each non-employee Director is entitled to one FactSet password at no charge. The password provides access to the FactSet system to allow Directors to use FactSet's suite of products and services.

For fiscal 2008, this compensation consisted of:

Cash Compensation.

A \$25,000 annual retainer paid quarterly.

An additional \$2,500 annual retainer to each chairman of a Board Committee.

An additional \$2,500 annual retainer to each Audit Committee member.

Equity Compensation.

Prior to November 1, 2007, each active non-employee director participated in the FactSet 1998 Non-Employee Directors' Stock Option Plan which was approved by stockholders. The plan allowed grants of stock options, restricted stock, unrestricted stock, or any combination thereof, as the Compensation Committee determined, to non-employee directors. Following a Board resolution of October 18, 2006, these awards for each director's service on the Board were made on January 15 (or the next succeeding business day, if such date is not a business day) of each year. The exercise price of each non-qualified stock option was the closing price of FactSet's common stock on the date of grant. New directors typically received options to purchase up to 10,000 shares of FactSet common stock, determined by the Compensation Committee and granted on or near the date of their first Annual Meeting. Non-qualified stock options granted to Directors under the 1998 Non-Employee Directors' Stock Option Plan vest ratably at 20% per year over five years upon the anniversary date of each grant and expire ten years from the date the options were granted.

The FactSet 1998 Non-Employee Directors' Stock Option Plan expired on November 1, 2007 and as such, no stock options were granted to the Company's non-employee Directors in fiscal 2008. In order to compensate each non-employee Director for his service to the Company during fiscal 2008, the Compensation Committee recommended and the Board approved a one-time grant to be issued on January 15, 2009 to each non-employee Director. The number of options to be granted is intended to deliver \$89,000 in value, which will be determined on grant date using an option-pricing model. Of the options, 20% will vest immediately with the remainder to vest over four years. As a new director in fiscal 2008, Mr. Zimmel shall receive a new director equity grant on January 15, 2009 intended to deliver a dollar value to be determined by the Board on grant date.

Should stockholders approve the 2008 Non-Employee Directors' Stock Option Plan that is proposed elsewhere in this Proxy Statement, that new plan will replace the above-mentioned expired 1998 Non-Employee Directors' Stock Option Plan. The new plan allows grants of stock options, restricted stock, unrestricted stock, or any combination thereof, as the Compensation Committee determines, to non-employee directors. The Compensation Committee shall make an annual equity grant to each non-employee director on January 15, 2009 having an intended value of \$65,000. The number of option shares to be granted in order to deliver this value will be determined on grant date using an option-pricing model. This value is not the same as the SFAS 123(R) stock-based compensation expense value reported in the 'Options Awards' column in the table below. The exercise price of each non-qualified stock option is the closing price of FactSet's common stock on the date of grant. New directors will typically receive options to purchase up to 10,000 shares of FactSet common stock, as recommended by the Compensation Committee and will be granted on the January 15 after his first Annual Meeting. Non-qualified stock options to be granted to Directors will typically vest ratably at 20% per year over five years upon the anniversary date of each grant and expire seven years from the date the options were granted. The plan contains provisions regarding the exercisability and vesting of outstanding options in the event of termination of service, incapacity, death and

change in control of FactSet.

Expenses.

The Company pays or reimburses directors for travel, lodging and related expenses incurred in connection with attending Board, Committee and stockholder meetings and other Company business related events. From time to time, the Company may reimburse a director's expenses for his/her participation in third party-supplied continuing education related to the director's Board or Committee service.

Table of Contents

Director Summary Compensation Table

This table shows (i) the fees that the Company's non-management directors earned in fiscal 2008, (ii) the SFAS 123(R) accounting value of stock options, and (iii) other amounts disclosed as All Other Compensation.

Name	Fees Earned or Paid in Cash
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