

IHS Inc.
Form 10-K
January 18, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended November 30, 2010

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 001-32511

IHS INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3769440
(IRS Employer
Identification No.)

15 Inverness Way East

Englewood, CO 80112

(Address of Principal Executive Offices)

(303) 790-0600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value per share	New York Stock Exchange

Series A junior participating preferred stock purchase rights

(attached to the Class A Common Stock)

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates, based upon the closing price for the Common Stock as reported on the New York Stock Exchange composite tape on the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$2.1 billion. All executive officers, directors, and holders of 5% or more of the outstanding Common Stock of the registrant have been deemed, solely for purposes of the foregoing calculation, to be affiliates of the registrant.

As of December 31, 2010, there were 64,315,530 shares of the registrant's Class A Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of the Form 10-K, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement on Schedule 14A for the Annual Meeting of Shareholders to be held on May 5, 2011, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the close of the registrant's fiscal year.

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Forward-Looking Statements

We have made statements under the captions Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Business and Properties and in other sections of this Form 10-K that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expect, plan, anticipate, believe, estimate, predict, potential, or continue, the negative of these terms, and other similar terminology. These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially from the results, level of activity, performance, or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks outlined under Risk Factors.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events.

We do not intend to update any of these forward-looking statements after the date of this Form 10-K to conform our prior statements to actual results or revised expectations.

* * * *

Fiscal Year End

Our fiscal years end on November 30 of each year. Unless otherwise indicated, references in this Annual Report to an individual year means the fiscal year ended November 30. For example, 2010 refers to the fiscal year ended November 30, 2010.

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Part I

Item 1. Business

Overview

IHS is a leading source of information and insight in pivotal areas that shape today's business landscape: energy, economics, geopolitical risk, sustainability and supply chain management. Businesses and governments around the globe rely on our comprehensive content, expert analysis and flexible delivery methods to make high-impact decisions and develop strategies with speed and confidence. IHS was incorporated in the State of Delaware on May 5, 1994.

Vision

Our vision is to be *the Source* for Critical Information and Insight that powers growth and value for our customers. We intend to be the source that customers trust, rely upon and come to first when they need to better understand the present and anticipate the future.

Corporate Objectives

In order to achieve our vision to be *the Source* for Critical Information and Insight, we have established four interdependent objectives upon which we focus our efforts, as described below. We externally benchmark our progress annually against these four objectives. To measure customer satisfaction and colleague success, we use third-party surveys and develop goals based on those metrics. For 2011, our corporate objectives will continue to be focused on the following areas:

Improving customer satisfaction;

Fostering a culture that enables colleague success;

Delivering profitable top- and bottom-line growth; and

Providing an opportunity for shareholder success relative to our peer group.

Corporate Strategy

Our strategy is designed to allocate the company's resources in the most optimal manner to achieve the objectives described above. Our strategy has several key elements:

An unrelenting focus on our customers and their experience, which drives our actions, decisions, and investments;

Offering our customers a uniquely broad scope of proprietary information and analysis that is critical to addressing their evolving business challenges and managing their workflows;

Enhancing our offerings through organic development, focused partnerships and acquisitions that reinforce and strengthen the value, scale, and scope of what we do; and

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Investing in our people and supporting them with systems and processes to continuously expand our potential. Our corporate strategy is executed through initiatives implemented across our entire organization. A few of the most critical, time-bound initiatives for each upcoming year are identified as IHS Annual Priorities. Our 2011 Priorities include the following initiatives:

Advance our customer focus and our customers' experience;

Realize our growth potential; and

Demonstrate and communicate the value of IHS.

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Geographic Organization

To best serve our customers and be as close to them as possible, we are organized by geographies into three business segments. We also prepare our financial reports and analyze our business according to our geographic organization. Our three reporting segments are: **Americas**, which includes the United States, Canada, and Latin America; **EMEA**, which includes Europe, the Middle East, Africa, and India; and **APAC**, or Asia Pacific. As our APAC operations have evolved, the management structure of the region has also evolved, and going forward, will include responsibility for overseeing India. Accordingly, in 2011, India will become part of our APAC region.

Our integrated global organization makes it easier for our customers to do business with us by providing a cohesive, consistent, and effective sales-and-marketing approach in each local geography. By structuring our business around customers and the regions in which they reside, we are better able to serve the specific needs of our customers in their local markets and globally. A regional structure provides a solid foundation for profitable growth as it provides an efficient method of bringing new products and services to customers and supports growth in existing accounts and with new customers and markets.

Customers

Industries

We have a diverse customer base, ranging from large entities such as governments and multi-national companies to small companies and technical professionals. Our solutions are applicable in numerous end markets, though we have a particularly large presence in the oil and gas, aerospace, and defense markets. We define our customers by the industry in which they operate, leveraging commonly accepted industry nomenclature such as the North American Industry Classification System (NAICS) and the Global Industry Classification Standard (GICS). At the highest level, we focus on five customer industries: Energy, Capital Goods, Government, Transportation and Materials. Within these industries, we further define specific customer vertical markets; for example, oil and gas is a vertical market within the Energy industry. We are not dependent upon any single customer, the loss of which would have a material adverse effect on our business.

Functions within Customers

We deliver our expertise by focusing on how our customers use information in their daily workflows. We target specific functions within customer organizations in our target industries. We develop a deep understanding of these functions, including the roles of the various users and their workflows and specific information needs. By offering a compelling suite of information products targeted at these functions, we become an essential part of our customers' workflows, which we expect will drive increasing revenues and margins.

Our target functions and sample roles are illustrated below.

<i>Function</i>	<i>Example Roles</i>
Strategy and Analysis	Strategic Planning, Corporate Development, M&A, Investment Analysis, Risk Assessment, Business Development, Trading
Energy Technical	Geo-science, Petroleum Engineering
Product Engineering	Engineering, Design, Research and Development
Supply Chain	Procurement, Logistics, Operations, Manufacturing
Environmental Health and Safety	Sustainability, Regulatory, Environment, Health and Safety
Other functions within customer organizations inevitably use our products, but they are not the core focus of our positioning and development efforts.	

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Sales and Marketing

Our sales and marketing teams are organized to support our three geographic segments. Thus, our customer-facing efforts are aligned with our customers and their local markets to best serve them. Customers First, our program to understand both current customer satisfaction levels and potential opportunities for improvement, provides additional direction to sales and marketing about key areas of focus.

Within each of our geographic segments, our sales force is organized based on the size of our customers, our expertise in key customer industries and our customers' functions. Our global account management teams address the needs of our largest customers. Other customers' sales and renewal efforts are served by our regional sales teams, e-commerce and our network of channel partners.

New customer acquisition is largely conducted by our dedicated new business team. This team identifies potential new customer opportunities and develops the sales approach for larger new business opportunities. Our inside sales team pursues smaller new customer opportunities. We supplement our sales efforts with e-commerce capabilities, which enable customers to purchase offerings online.

Representing less than three percent of our total revenue, we use a network of channel partners to reach customers in locations where it is not cost-effective to use our sales teams or maintain a sales office.

Our marketing teams are organized at the corporate, regional and product levels. Our corporate team provides marketing infrastructure and tools to support our increasing scale, drives alignment of our messaging strategy and value story across the business, and strategizes on new ways to reach customers through emerging social and online marketing vehicles. Corporate marketing works closely with our brand team in continuing to build the IHS brand and articulate our value story to raise the visibility of our products and services to new and continuing customers. Product marketers define the marketing strategy and plan, and our regional marketers execute marketing plans in support of our regional sales teams by driving brand awareness, demand generation, and retention at the local level. We tailor marketing programs by target audience and regionally leverage a marketing mix of events, e-marketing, social media, advertising, sales collateral, and public relations.

Our product management teams are primarily responsible for ensuring that our offerings meet customer needs and provide innovative solutions. These teams conduct market research to understand customer needs and how our solutions can help them advance critical decisions, avoid risk and improve business effectiveness. These teams bring deep vertical industry expertise to bear to understand the rapidly changing market environments and the current and future impacts on both business and governments. This work allows us to improve current products, introduce new offerings, and extend our content and software capabilities to new markets and customer groups.

What We Do: Transforming Data into Critical Information and Insight

Companies are flooded with data because of the countless sources available today: internal company, Internet, news media, government, external companies and so many more. More than ever before, decision-makers are required to make business decisions that will materially affect their company using this unrefined data.

One of our core competencies is sourcing data and transforming it into critical information and insight that businesses, governments, and others use every day to make high-impact decisions with confidence. We are dedicated to providing the information our customers need to make critical decisions that drive growth and value for their operations.

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We create customer solutions by integrating our information with proprietary and widely used decision-support technology, thus producing critical information solutions designed to meet customer needs. Our product development teams have also created proprietary web services and application interfaces that enhance access to our information. These services allow our customers to integrate our information with other data, business processes, and applications (e.g., computer-aided design, enterprise resource planning, supply chain management, and product data/lifecycle management).

We convert raw data into information through a series of transformational steps that reduce the uncertainty that is inherent in unrefined data. At each step along the way, we ensure quality of the data transformation across four dimensions, which we call the 4 Cs :

Correctness	Validate data accuracy through comparison to external reference points.
Currency	Deliver new and updated content in a timely manner.
Completeness	Provide the right data attributes and analysis to ensure customers have all of the necessary information to make critical decisions.
Consistency	Standardize identifiers and content across databases and products to be sure customers receive consistent information regardless of product platform.

We have standardized the data transformation process into seven steps. The order of the steps and the need to have quality checks throughout the process is important because the quality of each step is dependent on the quality of all of the preceding steps. The seven-step process we follow in transforming data into critical information and insight involves the following:

Sourcing	We locate hundreds of possible data sources and then evaluate them for correctness, currency, and completeness.
Capture	We collect documents and digital feeds, place phone calls, harvest content from publicly available sources, visit sites for updates, etc. Once the data is aggregated, we validate and normalize the data before loading it into our proprietary databases.
Matching	We link disparate instances of the same attribute. This knowledge-based activity ensures consistency over time and across sources, eliminating unlinked information about a single well, a single part, a single chemical, etc.
Identification	We attach an IHS identifier to matched information to ensure that the matched information stays linked. We also confirm that industry standard identifiers, which often vary over time, are accurate and appropriately matched to the IHS identifier.
Relationships	We identify logical relationships and associations between entities and link those relationships through identification numbers. Examples include corporate parent and subsidiary relationships, leases and associated wells, international standards, and national standards. This step supplies the context for analysis.
Analysis	We use our industry experts to review, analyze, and add context and editorial commentary to the data in order to transform it into critical information for our customers.
Modeling & Forecasting	We utilize our critical information to produce additional insight by providing unique and unbiased research and intelligence with proprietary models and forecasting tools. Our numerous Ph.D.s use their extensive experience to build models and forecasting tools that our customers use every day.

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Using this proven seven-step process and the 4 Cs of quality, we transform data into critical information and insight that is both useful to our customers and available where and when they need it.

Our Capabilities: Deploying our Information Domain Strategy

We have continued to build a sustainable advantage in target markets by employing a strategy that aligns our critical information into and at the intersections of the four domains where we can leverage our breadth of offerings to deliver high-value solutions to our customers: Energy, Product Lifecycle, Security and Environment, all supported by extensive expert analysis and Macroeconomic Forecasting.

Our domains represent our expertise and our capabilities. They address customer needs in virtually every industry and in all regions. We also focus on these domains because we believe it is where we have the best and most significant global market opportunities to be *the Source* for Critical Information and Insight for our customers.

These domains are often inter-related and inter-linked. The intersections between them represent areas of vital interest for our customers and further market opportunities where we can capitalize on the breadth and depth of our information capabilities and expertise.

Energy

We source, develop and deliver critical oil and gas industry information and analysis on exploration, development, production, transportation, industry trends, and financial information to national and international oil and gas companies, electric power companies, financial institutions, governments and technology providers. We also provide operational, research and strategic advisory services to these customers and to utilities, transportation, petrochemical, coal and power companies. We complement this information with analytical tools, expert and independent analysis, and strategic direction on economic, financial, political, mergers and acquisitions, and regulatory issues in the energy arena. Our products and solutions help companies make better decisions, reduce operating costs, increase efficiency and productivity, and effectively evaluate investment opportunities.

Our energy products and services encompass the entire energy supply chain, from exploration and development to distribution and consumption. Examples of our information and analysis include:

Production information on more than 90 percent of the world's oil and gas production in more than 100 countries;

Comprehensive geological information on more than four million current and historic oil and gas wells around the world;

Comprehensive information about current and future seismic, drilling and development activities in more than 180 countries and 335 hydrocarbon-producing regions around the world;

Information and research on the development of unconventional hydrocarbon resources, including shale gas, coal bed methane, and heavy oil;

Strategic advisory services to assess energy markets, strategies, industry trends and companies;

Information and research summits such as CERAWeek and the IHS Herold Pacesetters Energy Conference, which offer high-level leaders and decision-makers the opportunity to interact with our experts; and

Information on other energy sources such as coal, nuclear power, and renewables.

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Major Product Offerings

Energy Critical Information	Global surface and subsurface geologic, engineering, fiscal and political risk information. Key attributes include well, production volumes, basin, scouting, ownership, and logs that enable customers to profitably extract oil and gas from every energy province in the world.
Decision Support and Information Delivery Tools	Industry-leading analytical tools, such as PETRA, Power Tools, SubPUMP and QUESTOR, that help customers find oil and gas, model the economic benefits and optimize well performance. Web-based delivery platforms, such as Enerdeq, AccuMap and Edin, provide a proprietary interface, easy-to-use map, or text-based access to critical energy information.
Editorial Products	Our suite of editorial products such as GEPS, PEPS, IOL, and WME supply our customers with current, historical and planned activity in the worldwide exploration and production (E&P) sector, as well as concise weekly overviews and analysis of E&P activity worldwide.
IHS CERA	Our IHS CERA-branded offerings provide critical knowledge and independent analysis on energy markets, geopolitics, industry trends and strategy that help decision makers anticipate the energy future and formulate timely, successful plans in the face of rapid changes and uncertainty.
IHS Herold	Our IHS Herold-branded offerings provide online access to databases and research reports, as well as analyst consultation and expert advisory services. Product and service retainers include proprietary research of companies transactions and trends in the global energy industry.

Product Lifecycle

Our Product Lifecycle solutions provide information that allows customers to manage a product through its life, from conception and design to production, maintenance and disposal. We also provide companies with single-source access to specifications and standards that allow them to optimize direct and indirect supply, achieve excellence in product design and development, and comply with regulations. Our teams work with customers to design workflows that enhance quality, reduce costs, and improve productivity. Our customers cover a broad spectrum of industries, including the aerospace, defense, electronics, telecommunications, construction, energy, and automotive industries. We also have a comprehensive proprietary collection of engineering processes, principles and related equations covering more than 250 specific structural and mechanical topics. Examples of our Product Lifecycle information and analysis include:

Industry specifications and standards that provide information for all phases of a product's lifecycle;

Component part technical attributes and lifecycle information that customers use to make part selection decisions;

Price, cost, demand and technology forecasts for the electronics value chain;

Design methods to aid in complex and capital-intensive research and development;

Services supporting the management of parts information in factories and plants, which is critical for maintaining plant uptime and appropriately managing obsolescence; and

Government parts and regulatory information.

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Major Product Offerings

IHS Standards Expert	A comprehensive standards management solution, providing desktop access to over 1.2 million standards from 370 Standards Development Organizations (SDOs), with tools to search, monitor, access, and manage standards by individuals or project teams worldwide.
IHS 4DOnline Suite	World-class component databases used to efficiently research and compare electronic components and fasteners from over 500 suppliers. Also includes tools and services to manage complex product configurations and ensure component availability, sustainability, and environmental compliance.
IHS iSuppli	Technology value chain research and advisory services, including electronic component research, device-specific application market forecasts, product teardown analysis, and consumer electronics market analysis.
IHS Intermat	Content, software and services that customers use to manage Maintenance, Repair and Operations (MRO) materials spend and inventory. Standardizes material descriptions, identifies duplicate and obsolete items, and helps customers optimize inventory order points/quantities and lead times.
IHS Haystack® Gold	Tools used to manage the complexities of parts procurement, logistics, inventory, and obsolescence planning. Includes information on more than 100 million items in the U.S. Federal Supply Catalog and more than 70 U.S. Army, Navy, Air Force and related databases.
Specify-it	UK's leading online service for construction professionals, delivering key technical information on all aspects of the building, engineering, design and construction processes, providing the framework for organizations to complete projects accurately and on time.
Construction Information Service Security	

Our Security solutions help customers address their defense and security risks, including threats to operations, people, facilities, resources, and supply chains. We provide comprehensive, current and accurate information and expertise to companies, governments and agencies around the world to assess and manage their security risks.

Through our IHS Jane's and IHS Fairplay branded offerings, we provide information and analysis about security issues worldwide. Examples of our Security information and analysis include:

Comprehensive information on defense, aerospace and weapons systems worldwide;

National and international security analysis on terrorist and insurgency activities;

Commercial shipping information, including detailed ship specifications, tracking, port information and consultancy;

Risk management assessment on regions and supply chains; and

Transportation, law enforcement and public safety.

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Major Product Offerings

Jane's Defence Equipment and Technology Intelligence Centre	Comprehensive electronic resource that enables users (e.g., governments, armed forces and corporations) to identify and evaluate equipment for global defense technologies, including extensive detail on equipment specifications, platforms, versions, dimensions, performance, structure, sub-systems, and armaments.
Jane's Defence Weekly	World-renowned publication (hardcopy and electronic) that holds an unequalled record for pinpointing geopolitical threats, revealing new weapon technology and analyzing military activity around the world. <i>Jane's Defence Weekly</i> has a reputation for breaking world exclusive news and for expert, meaningful interpretation of what we see on the ground, at sea, and in the air, as well as in boardrooms and command centers throughout the world.
Jane's Military and Security Assessments Centre	Electronic data, news and analysis on country risk, state and non-state threats and actors, alliances, foreign and security policy, and conflict.
Jane's All The World's Aircraft and Jane's Fighting Ships	One-hundred-year-old publications (hardcopy and electronic) that provide technical and production details for all known aircraft and naval vessels that are either currently in production or anticipating commercial production throughout the world.
Jane's Defence Industry and Markets Intelligence Centre	Provides breaking news on the defense industry, detailed executive summaries on global defense equipment, and market trending and analysis. This information enables our customers to obtain a thorough understanding of country capabilities, potential requirements, and expected actions.
Internet Ships Register	Online access to the latest information on commercial ships (over 299 gross tons) and their owners, operators, managers, and builders.
Fairplay	News, analysis, markets summary, topical features, and commentary on the shipping industry. Information is provided daily in electronic format and weekly in hardcopy format.
Environment	

Our Environmental Health & Safety (EHS) and Sustainability solutions deliver software applications, content subscriptions and services that enable organizations to optimize their EHS and Sustainability programs.

Organizations around the globe are rapidly integrating sustainability information management into their business strategies in order to drive financial success, environmental excellence and social responsibility in partnership with their customers, shareholders, employees, suppliers and the communities in which they operate. Customers are building sustainability programs to manage compliance with local, regional, national, and global EHS standards in an efficient and effective manner.

Organizations with world-class EHS compliance and sustainability information management strategies look to us to provide them with the information and insight they need to grow rapidly while reducing operational risks and costs. We provide on-premise, on-demand, and hosted solutions in the following areas:

Environmental Compliance solutions that protect the customer's license to operate through compliance with local, regional, and national environmental regulations, management system standards, and industry best practices.

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Greenhouse Gas and Energy solutions that assist the customer in meeting greenhouse gas reporting requirements, addressing cap and trade programs, and supporting country and region-specific protocols and programs.

Hazardous Materials Management solutions that manage chemical and hazardous material inventories, from pre-acquisition authorization and acquisition to waste shipment and regulatory reporting. These solutions help the customer manage the level of on-hand inventory, optimize their logistics efforts, properly manage compliance reporting, and increase their overall greening of purchases.

Health and Safety risk management solutions that dramatically improve operational excellence by enabling the discovery and removal of risk exposures that could result in organizational losses.

Incident and Crisis Management solutions that support four key phases of comprehensive emergency incident management: mitigation, preparedness, response and recovery.

Product Regulatory Compliance product compliance solutions that enable faster time to market with best practices in Regulatory Document Authoring & Management, Managed Regulatory Content, Chemical Lifecycle Management and supply chain communication.

Sustainability & Corporate Responsibility solutions that collect and manage information for planning sustainability investments and reporting improvement progress to stakeholders using standards like the Global Reporting Initiative (GRI).

Macroeconomic Forecasting and Competitive Advantage at the Intersection of the Domains

Underlying our domain strategy is an unparalleled foundation of macroeconomic forecasting. IHS Global Insight-branded offerings give us a platform to deliver unsurpassed market outlook and economic forecasting capabilities for our customers across and at the intersections of all domains, increasing our cross-selling opportunities. Specifically, our capabilities include:

Detailed forecasts and timely analysis of economic conditions within political, economic, legal, tax, operational and security environments around the world;

Detailed history and forecasts of global price, wage, and manufacturing costs, including commodity prices and labor costs;

Forecasting, market-sizing, and risk assessment in a multitude of industries across the world.

While each domain represents a significant market opportunity by itself, our point of differentiation is in how we take advantage of the market opportunity where the domains intersect. Increased globalization and a challenging world economy have heightened our customers' need to integrate their decision-making across all business challenges. For example:

As security issues become a bigger part of production costs, we have the potential to use our capabilities in the Security and Product Lifecycle domains to help customers manage product cost with a better understanding of security-related issues that can impact the sourcing of materials and products.

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At the intersection of the Security and Energy information domains, we have the opportunity to help customers understand and manage security issues as a significant driver of cost in exploring for, producing and delivering energy around the world.

At the intersection of the Energy and Environment domains, our customers can look to us for help with their growing need for information and insight as they manage the increasingly important issue of environmental impact from energy exploration, production, and delivery.

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At the intersection of the Environment and Product Lifecycle domains, we have the opportunity to help a wide range of customers understand and manage regulatory compliance and the environmental impact of their manufacturing processes.

With the growing emphasis on climate change, we can use our Environment expertise to help a wide range of customers address the topic of clean energy with a suite of products and solutions that can help them understand and apply economic factors, regulation, energy sources, markets (including new markets such as carbon credits), and technology (including new and developing technologies, such as those employed in hybrid vehicles).

Acquisitions

Acquisitions play a key role in expanding our information market leadership and driving profitable growth. We have acquired and integrated over 30 businesses since our initial public offering in 2005. Our acquisition strategy is driven by a need to serve our customers' most pressing business issues at both the strategic and operating level, as well as our goal to deepen our expertise in our core focus areas. Our disciplined approach to acquisitions helps us identify opportunities that:

Provide a strategic and synergistic fit by filling gaps within our targeted information domains, adding capabilities to our suite of technologies and online tools, and enhancing our portfolio of products and services;

Offer an opportunity to drive more customer value or product continuity with other offerings;

Add a differentiated value proposition that would be difficult for us to replicate organically;

Provide the opportunity to add to our human capital depth;

Share our core values and have a complementary corporate culture;

Are accretive over a reasonable period of time; and

Meet our financial criteria.

Competition

We believe the principal competitive factors in our business include the following:

depth, breadth, timeliness, and accuracy of information provided,

quality of decision-support tools and services,

quality and relevance of our analysis and insight,

ease of use,

customer support, and

value for the price.

We believe that we compete favorably on each of these factors. Although we do not believe that we have a direct competitor across all of our information domains, we do face competition in specific industries or with respect to specific offerings within those domains.

In our Energy information domain, our U.S. well and production data offerings compete with offerings from TGS-NOPEC Geophysical Company and DrillingInfo, Inc., in addition to smaller companies. Certain of our Energy offerings compete with products from Wood Mackenzie Ltd. and Geologic Data Systems, Inc., in addition to other specialized companies. Our Energy domain's advisory services compete with PFC Energy in addition to other smaller consulting companies.

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In the Product Lifecycle, Security and Environment domains, we compete against a fragmented set of companies. In the Product Lifecycle domain, we compete with SAI Global's ILI, Thomson Reuters Corporation's Techstreet, and some of the SDOs. Also within that domain, our parts offerings compete with products from PartMiner, Inc.; SAI Global's ILI; and Total Parts Plus, Inc., among others. In the Security domain, we compete against small, specific products from publishers such as McGraw-Hill and Gannett as well as smaller niche players such as Armada International, Forecast International, and Control Risks, among others. The Environment information domain is highly fragmented. Primary competition in this marketplace comes from SAP and small niche players like Enablon. IHS Global Insight-branded offerings compete with a variety of niche players and the Economist Intelligence Unit.

Government Contracts

We sell our products to various government agencies and entities. No individual contract is significant to our business. Although some of our government contracts are subject to terms that would allow renegotiation of profits or termination at the election of the government, we believe that no renegotiation or termination of any given contract or subcontract at the election of the government would have a material adverse effect on our financial results.

Intellectual Property

We rely heavily on intellectual property, including the intellectual property we own and license. We regard our trademarks, copyrights, licenses and other intellectual property as valuable assets and use intellectual property laws, as well as license and confidentiality agreements with our employees, dealers, and others, to protect our rights. In addition, we exercise reasonable measures to protect our intellectual property rights and enforce these rights when we become aware of any potential or actual violation or misuse.

Intellectual property licensed from third parties, including SDOs, is a component of our offerings and, in many cases, cannot be independently replaced or recreated by us or others. We have longstanding relationships with most of the third parties, including SDOs, government agencies, and manufacturers, from whom we license information. Almost all of the licenses that we rely upon are nonexclusive and expire within one to two years unless renewed.

We maintain registered trademarks in jurisdictions around the world. In addition, we have applied for patents in the United States relating to digital rights management, remote access printing, and print on demand. For more information relating to our intellectual property rights, see Risk Factors. We may not be able to protect intellectual property rights.

Employees

As of November 30, 2010, we had approximately 4,400 employees located in more than 30 countries around the world. None of our employees are represented by a collective bargaining agreement and we consider our employee relations to be good.

Financial Information about Segments

See Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 19 of our Notes to Consolidated Financial Statements for information with respect to each segment's revenues, profits or losses, and total assets.

Available Information

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available, without charge, on our website, www.ihs.com, as soon as

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reasonably practicable after they are filed electronically with the SEC. We have also posted our code of ethics on our website. Copies of each of these documents are also available, without charge, from IHS Investor Relations and Corporate Communications, 15 Inverness Way East, Englewood, CO 80112.

We routinely post important information on our website under the [Investor Relations](#) link, so please check www.ihs.com.

In addition, the SEC maintains an Internet site that contains our public filings and other information regarding issuers that file electronically with the SEC at www.sec.gov. As an alternative, you may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. For more information on the operation of the Public Reference Room, call the SEC at 1-800-SEC-0330.

Item 1A. Risk Factors

In addition to the other information provided in this report, you should carefully consider the risks described in this section. The risks described below are not the only risks that could impact our business—other risks currently deemed minor or additional risks not currently known to us could also impact our business. These and other factors could materially and adversely impact the value of your investment in our shares, meaning that you could lose all or part of your investment.

Note that this section includes forward-looking statements and future expectations as of the date of this annual report. This discussion of Risk Factors should be read in conjunction with [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) and the consolidated financial statements and related notes in Part II of this Form 10-K.

Our growth strategy may prove unsuccessful.

A significant part of our strategy involves enhancing our offerings to meet the needs of our customers through organic development, focused partnerships, and acquisitions. If we are unable to execute our growth strategy, or if we do so less capably than our competitors, our operating performance including our ability to generate additional revenues on a profitable basis may be adversely affected.

If we are unable to consistently renew subscriptions for our offerings, our results could weaken.

The majority of our revenue is based on subscriptions to our offerings. In 2010, we derived nearly 80% of our revenues from subscriptions, most of which were for a term of one year. Our operating results depend on our ability to achieve and sustain high annual renewal rates on existing subscriptions and to enter into new subscription arrangements on commercially acceptable terms. Our failure to achieve high annual renewal rates on commercially acceptable terms would have a material adverse effect on our business, financial condition, and operating results.

The loss of, or the inability to attract and retain, key personnel could impair our future success.

Our future success depends to a large extent on the continued service of our employees, including highly skilled subject matter experts as well as personnel in sales, marketing, product development, critical operational roles, and management including our executive officers. We must maintain our ability to attract, motivate, and retain highly qualified employees in order to support our customers and achieve business results. The loss of the services of one or more of our key personnel or our inability to recruit replacements for such personnel or to otherwise attract, motivate, or retain qualified personnel could have a materially adverse effect on our business, operating results, and financial condition.

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If we are unable to successfully identify or effectively integrate acquisitions, our financial results may be adversely affected.

As we continue pursuing selective acquisitions to support our business and our growth strategy, there can be no assurance that we will be able to identify suitable candidates for successful acquisitions at acceptable prices. In addition, our ability to achieve the expected returns and synergies from our past and future acquisitions and alliances depends in part upon our ability to integrate the offerings, technology, administrative functions, and personnel of these businesses into our business in an efficient and effective manner. We cannot assure you that we will be successful in integrating acquired businesses or that our acquired businesses will perform at the levels we anticipate. In addition, our past and future acquisitions may subject us to unanticipated risks or liabilities or disrupt our operations.

Our strategic investments and cost reduction initiatives may not result in anticipated savings or more efficient operations.

Over the past several years, including in 2010, we implemented significant strategic initiatives to reduce our cost structure, standardize our operations, and improve our ability to grow. Certain of our most significant investments, including our business transformation initiative to consolidate and standardize our sales force automation, lead to cash, and all supporting systems (which we call Vanguard) and investments in infrastructure to support our growth strategy, are still in development and implementation phases. We must also continue to invest in enhancements to our existing products and development of new products to meet the needs of our customers and differentiate our offerings from those of our competitors. There is a risk that we may not realize the full potential benefit of these investments, that implementation of our strategic initiatives may be disruptive to our operations, and that cost overruns could have material adverse effects on our results of operations.

We could experience system failures or capacity constraints that could interrupt the delivery of our offerings to customers and ultimately cause us to lose customers.

Our ability to provide reliable service largely depends on the efficient and uninterrupted operation of complex systems, relying on people, process, and technology to function effectively. Some elements of these systems have been outsourced to third-party providers. Any significant interruption to, or failure of, these systems could severely harm our business and reputation. The impact could include a loss of customers and significant expenses, for instance to repair or replace equipment or facilities. The systems upon which we depend could be exposed to damage or interruption from a wide variety of threats, including power disruption, fire, flood, telecommunications failure, unauthorized entry, computer viruses, terrorism, unavailability of a facility, loss or incapacitation of staff, or other natural or man-made disasters. This includes the possibility of failures at third party data centers, disruptions to the Internet, and the loss or failure of other systems over which we have no control. While we have taken and are taking steps to prevent and mitigate the damage of such events, including information backup and disaster recovery processes, those steps may not be effective and there can be no assurance that any such steps can be effective against all possible risks. In addition, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

We may not be able to protect intellectual property rights.

We rely on copyright laws and nondisclosure, license, and confidentiality arrangements to protect our proprietary rights as well as the intellectual property rights of third parties whose content we license. However, we cannot assure you that the steps we have taken to protect our intellectual property rights, and the rights of those from whom we license intellectual property, are adequate to prevent

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unauthorized use, misappropriation, or theft of our intellectual property. There is a risk that we may not be able to detect unauthorized uses or take timely and effective steps to remedy unauthorized conduct. In particular, a significant portion of our revenues are derived internationally, including jurisdictions where adequately protecting intellectual property rights may prove more challenging or impossible. To prevent or respond to unauthorized uses of our intellectual property, we might be required to engage in costly and time-consuming litigation and we may not ultimately prevail.

We depend on content obtained through agreements with third parties to support certain of our offerings and the failure to maintain these agreements on commercially reasonable terms could prove harmful to our business.

Certain of our offerings include content that is either purchased or licensed from third parties. In particular, our Specs and Standards offerings that support our Product Lifecycle domain strategy rely on information licensed from SDOs. Offerings that rely upon SDO information accounted for approximately 20% of our total revenue in 2010. We believe that the content licensed from many of these third parties, including the SDOs, cannot be obtained from alternate sources on favorable terms, if at all. Our license agreements with these third parties are generally nonexclusive and many are terminable on less than one year's notice. In addition, many of these third parties, including the SDOs, compete with one another and us. As a result, we may not be able to maintain or renew these agreements at cost-effective prices, or these third parties might restrict or withdraw their content from us for competitive or other reasons, which could adversely affect the quality of our offerings and our business, operating results, and financial condition.

We may be exposed to litigation related to content we make available to customers and we may face legal liability or damage to our reputation if our customers are not satisfied with our offerings or if our offerings are misused.

Our business relies on licensing and delivering intellectual property to our customers and obtaining intellectual property from our suppliers. Accordingly, we may face potential liability for, among other things, breach of contract, negligence, and copyright and trademark infringement. Even litigation or infringement claims that lack merit may expose us to material expense or reputational damage. Damage to our reputation for any reason could materially adversely affect our ability to attract and retain customers, employees, and information suppliers. In addition, if the information in our offerings is incorrect for any reason, or if it is misused or used inappropriately, we could be subject to reputational damage or litigation that could exceed the value of any insurance or legal remedies and materially adversely affect our business.

We use a network of independent contractors and third parties whose actions could have an adverse effect on our business.

We obtain some of our critical information from independent contractors, particularly for offerings that support our Energy products and for certain offerings under the IHS Jane's brand. In addition, we rely on a network of third party dealers to sell our offerings in locations where we do not maintain a sales office or sales teams. We are limited in our ability to monitor and direct the activities of these independent contractors and dealers, but if any actions or business practices of these individuals or entities violate our policies or procedures or are otherwise deemed inappropriate or illegal, we could be subject to litigation, regulatory sanctions, or reputational damage, any of which could have a materially adverse effect on our business.

As part of our strategic business model, we outsource certain operations and engage independent contractors to perform work in various locations around the world. For example, we outsourced certain of our data hosting and certain functions involving our data accumulation to business partners who we

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believe offer us deep expertise in these areas, as well as scalability and cost effective services. By entering into these independent contractor arrangements and relying on them for critical business functions, we face risks that one or more independent contractors may unexpectedly cease operations, that they may perform work that deviates from our standards, that events in a given region may disrupt the independent contractor's operations, or that we may not be able to adequately protect our intellectual property. If these or other unforeseen risks were to occur, they could materially adversely affect our business.

We operate in competitive markets, which may adversely affect our market share and financial results.

We face competition in specific industries and with respect to specific offerings. We may also face competition from organizations and businesses that have not traditionally competed with us but that could adapt their products and services to meet the demands of our customers. Some of our competitors focus on product categories within our targeted industries while others have significant financial and information-gathering resources, recognized brands, technological expertise, and market experience. We believe that competitors are continuously enhancing their products and services, developing new products and services, and investing in technology to better serve the needs of their existing customers and to attract new customers. Increased competition may require us to reduce the prices of our offerings or make additional capital investments that could adversely affect our margins.

Some of the critical information we use in our offerings is publicly available in raw form at little or no cost.

The Internet, widespread availability of sophisticated search engines, and pervasive wireless data delivery have simplified the process of locating, gathering, and disseminating data, potentially diminishing the perceived value of our offerings. While we believe our offerings are distinguished by such factors as currency, accuracy and completeness and our analysis and other added value, if users choose to obtain the information they need from public or other sources, our business, financial condition, and results of operations could be adversely and materially affected.

Our brand and reputation are key assets and competitive advantages of our Company and our business may be affected by how we are perceived in the marketplace.

Our ability to attract and retain customers is highly dependent upon the external perceptions of our brand and reputation. Reputational damage from negative perceptions or publicity could damage our reputation with customers and the public, which could make it difficult for us to attract and maintain customers. Although we monitor developments for areas of potential risk to our reputation and brand, negative perceptions or publicity could have a material adverse effect on our business and financial results.

Our international operations are subject to exchange rate fluctuations and other risks relating to operations outside of the U.S.

We operate in over 100 countries around the world and a significant part of our revenue comes from international sales. In 2010, we generated approximately 47% of our revenues from sales outside the United States. We earn revenues, pay expenses, own assets, and incur liabilities in countries using currencies other than the U.S. dollar, including among others the British Pound, the Canadian Dollar, and the Swiss Franc. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income, expenses, and the value of assets and liabilities into U.S. dollars at exchange rates in effect during or at the end of each reporting period. We may use derivative financial instruments to reduce our net exposure to currency exchange rate fluctuations. Nevertheless, increases or decreases in the value of the U.S. dollar against other major currencies can materially

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affect our net operating revenues, operating income, and the value of balance sheet items denominated in foreign currencies.

Operations outside of the United States may be affected by changes in trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment; unexpected changes in regulatory requirements; social, political, labor or economic conditions in a specific country or region; and difficulties in staffing and managing foreign operations. In addition, we must manage the uncertainties of obtaining data and creating solutions that are relevant to particular geographic markets; differing levels of intellectual property protection in various jurisdictions; and restrictions or limitations on the repatriation of funds. Our inability to manage this risk could have a materially adverse effect on our business, operating results, and financial condition.

Our business performance might not be sufficient for us to meet the full-year financial guidance that we provide publicly.

We provide full-year financial guidance to the public based upon our assumptions regarding our expected financial performance. For example, we provide assumptions regarding our ability to grow revenue and to achieve our profitability targets. While we believe that our annual financial guidance provides investors and analysts with insight to our view of the company's future performance, such financial guidance is based on assumptions that may not always prove to be accurate and may vary from actual results. If we fail to meet the full-year financial guidance that we provide, or if we find it necessary to revise such guidance during the year, the market value of our common stock could be materially adversely affected.

The price of our common stock may be volatile and may be affected by market conditions beyond our control.

Our share price is likely to fluctuate in the future because of the volatility of the stock market in general and a variety of factors, many of which are beyond our control. For instance, if our investors sell substantial amounts of our common stock in the public market, or if there is a perception that such sales could occur, it could adversely affect the market price of our shares. Market fluctuations could result in volatility in the price of shares of our common stock, one possible outcome of which could be a decline in the value of your investment. In addition, if our operating results fail to meet the expectations of stock analysts or investors, or if we are perceived by the market to suffer material business or reputational damage, we may experience an immediate and significant decline in the trading price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Table of Contents**Item 2. Properties****Our Facilities**

Our colleagues work in offices at 105 locations around the world. We own the buildings at three of our facilities, including our headquarters in Englewood, Colorado, and two other office locations. All of our other facilities are leased with terms ranging from month-to-month at one facility to an expiration date in 2024 for another facility. We believe that our properties, taken as a whole, are in good operating condition, are suitable and adequate for our current business operations, and that additional or alternative space will be available on commercially reasonable terms for future use and expansion. Locations by region are as follows:

Americas	50	APAC	20	EMEA	35
Brazil	1	Australia	1	Denmark	1
Rio de Janeiro	1	Bella Vista	1	Copenhagen	1
Canada	4	China	8	France	3
Alberta	2	Beijing	2	Paris	3
Ontario	1	Futian	1	Germany	3
Quebec	1	Shanghai	3	Frankfurt am Main	1
Mexico	1	Shenzhen	2	Munich	2
Mexico City	1	Hong Kong S. A. R.	2	India	2
United States	44	Kowloon	1	Bangalore	1
Arizona	2	Tsim Sha Tsui	1	Gurgaon	1
California	7	Japan	4	Italy	1
Colorado	2	Tokyo	4	Milan	1
Connecticut	1	Korea, Republic of	1	Netherlands	1
District of Columbia	3	Seoul	1	Nijmegen	1
Florida	1	Malaysia	1	Poland	1
Georgia	1	Selangor	1	Gdansk	1
Maryland	3	Singapore	1	Russian Federation	1
Michigan	3	Singapore	1	Moscow	1
Minnesota	1	Taiwan	1	South Africa	1
Missouri	1	Taiwan	1	Pretoria	1
New York	1	Thailand	1	Spain	1
Oklahoma	3	Bangkok	1	Barcelona	1
Oregon	1			Sweden	2
Pennsylvania	1			Gothenberg	1
Texas	11			Stockholm	1
Utah	1			Switzerland	4
Virginia	1			Geneva	3
				Zurich	1
				United Arab Emirates	2
				Dubai	2
				United Kingdom	12
				Hampshire	1
				Lincs	1
				London	4
				Surrey	2
				Berkshire	2
				Tetbury	1
				Hertfordshire	1

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Our ownership and operation of real property and our operation of our business is subject to various environmental protection and health and safety laws and regulations around the world. Some environmental laws hold current and previous owners and operators of businesses and real property liable for contamination on owned or operated property and on properties at which they disposed of hazardous waste, even if they did not know of and were not responsible for the contamination, and for claims for property damage or personal injury associated with the exposure to or the release of hazardous or toxic substances. We have not incurred and do not currently anticipate incurring any material liabilities in connection with such environmental laws.

Item 3. Legal Proceedings

We are not party, and have not been a party in fiscal year 2010, to any material litigation and are not aware of any pending or threatened litigation that could have a material adverse effect upon our business, operating results, or financial condition.

Item 4. (Removed and Reserved)

Table of Contents**Part II****Item 5. Market for the Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

Our Class A common stock is quoted on the New York Stock Exchange under the symbol "IHS". The following table sets forth for the indicated periods the high and low sales prices per share for our Class A common stock on the New York Stock Exchange:

Fiscal Year 2010 Quarters Ended:	High	Low
February 28, 2010	\$ 55.70	\$ 49.46
May 31, 2010	56.73	48.22
August 31, 2010	64.67	50.81
November 30, 2010	75.74	62.29
Fiscal Year 2009 Quarters Ended:	High	Low
February 28, 2009	\$ 48.99	\$ 33.15
May 31, 2009	49.94	36.15
August 31, 2009	51.45	44.65
November 30, 2009	54.93	47.25

We have been advised by our transfer agent, American Stock Transfer, that we had 20 holders of record of our Class A Common Stock as of January 4, 2011. Based on reports of security position listings and the number of proxies requested by brokers in conjunction with the prior year's annual meeting of shareholders, we believe we may have in excess of 6,000 beneficial holders of our Class A Common Stock.

Our authorized capital stock consisted of 160,000,000 shares of Class A common stock. The holders of our Class A common stock are entitled to one vote per share.

Dividend Policy

We currently anticipate that we will retain all available funds for use in the operation and expansion of our business, and we do not anticipate paying any dividends in the foreseeable future. We have not previously paid a dividend.

Table of Contents**Issuer Purchases of Equity Securities**

During fiscal year 2010, we withheld shares of our common stock from the vesting of employee equity awards to fund employee statutory withholding tax requirements. As shares vest and tax withholdings come due, IHS withholds enough shares in treasury to cover the tax liability and make a payment to the tax authority out of corporate cash. Full year 2010 funding was \$26.4 million and 484,648 shares.

Period	Total Number of Shares Withheld(1)	Average Fair Market Value per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
December 1 December 31, 2009	23,730	\$ 52.74		
January 1 January 31, 2010	211,969	\$ 54.79		
February 1 February 28, 2010	101,687	\$ 51.98		
March 1 March 31, 2010	1,574	\$ 53.07		
April 1 April 30, 2010	3,411	\$ 53.26		
May 1 May 31, 2010	78,650	\$ 51.48		
June 1 June 30, 2010	6,486	\$ 54.38		
July 1 July 31, 2010	18,710	\$ 59.94		
August 1 August 31, 2010	24,615	\$ 62.98		
September 1 September 30, 2010	350	\$ 64.27		
October 1 October 31, 2010	10,958	\$ 68.76		
November 1 November 30, 2010	2,508	\$ 72.20		
Total	484,648	\$ 54.57		

- (1) Since we simply withhold shares, rather than buying them in the open market, we do not consider this a share buyback program. Nevertheless, we anticipate that this program will help reduce the dilutive impact of employee equity awards.

Table of Contents**Performance Graph**

The following graph compares our total cumulative shareholder return with the Standard & Poors Composite Stock Index (S&P 500) and a peer index representing the total price change of The Advisory Board Company; The Dun & Bradstreet Corporation; Equifax Inc.; The Corporate Executive Board Company; FactSet Research Systems Inc.; Fair Isaac Corporation; Gartner, Inc.; The McGraw-Hill Companies, Inc.; Moody's Corporation; and Thomson Reuters Corporation.

The graph assumes a \$100 cash investment on November 30, 2005 and the reinvestment of all dividends (which we did not pay). This graph is not indicative of future financial performance.

Comparison of Cumulative Total Return**Among IHS Inc., S&P 500 Index, and Peer Group****Value of \$100.00 investment in stock or index:**

	11/30/2005	11/30/2006	11/30/2007	11/30/2008	11/30/2009	11/30/2010
IHS	\$ 100.00	\$ 192.37	\$ 364.17	\$ 188.42	\$ 261.06	\$ 375.49
Peer Group	\$ 100.00	\$ 116.81	\$ 105.93	\$ 63.13	\$ 76.25	\$ 96.09
S&P 500	\$ 100.00	\$ 112.10	\$ 118.54	\$ 71.73	\$ 87.69	\$ 94.48

Table of Contents**Item 6. Selected Financial Data**

You should read the following selected consolidated financial data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes appearing elsewhere in this Form 10-K.

	Years Ended November 30,				
	2010	2009	2008	2007	2006
(In thousands, except per-share amounts)					
Statement of Operations Data:					
Revenue	\$ 1,075,460	\$ 967,300	\$ 844,030	\$ 688,392	\$ 550,770
Income from continuing operations	141,369	137,245	98,574	83,216	57,861
Income (loss) from discontinued operations	(54)	(138)	432	623	(1,348)
Net income	141,315	137,107	99,006	83,839	56,513
Net income attributable to IHS Inc.	\$ 141,315	\$ 134,963	\$ 98,993	\$ 83,775	\$ 56,345
Basic earnings per share:					
Income from continuing operations attributable to IHS Inc.	\$ 2.21	\$ 2.14	\$ 1.59	\$ 1.40	\$ 1.02
Income (loss) from discontinued operations, net			0.01	0.01	(0.02)
Net income attributable to IHS Inc.(1)	\$ 2.21	\$ 2.14	\$ 1.60	\$ 1.41	\$ 1.00
Diluted earnings per share:					
Income from continuing operations attributable to IHS Inc.	\$ 2.18	\$ 2.11	\$ 1.57	\$ 1.38	\$ 1.02
Income (loss) from discontinued operations, net			0.01	0.01	(0.02)
Net income attributable to IHS Inc.(1)	\$ 2.18	\$ 2.11	\$ 1.57	\$ 1.39	\$ 0.99
Balance Sheet Data (as of period end):					
Cash and cash equivalents	\$ 200,735	\$ 124,201	\$ 31,040	\$ 148,484	\$ 180,034
Total assets	2,155,702	1,675,588	1,436,180	1,323,807	944,301
Total long-term debt and capital leases	275,095	141		37	74
Total shareholders' equity	1,176,081	1,013,678	801,055	840,908	565,191

(1) Amounts may not sum due to rounding.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

As described in the Forward-Looking Statements section at the start of this -Form 10-K, we make forward-looking statements throughout this report. These forward-looking statements generally are identified by the use of the words may, might, will, should, expect, plan, anticipate, believe, estimate, predict, potential, or continue, the negative of these terms, and other similar expressions. Forward-looking statements are based on current expectations, assumptions, and projections that are subject to risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is outlined under the Risk Factors section below. We do not intend to update or publicly revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

The following discussion of our financial condition and operating results should be read in conjunction with Selected Financial Data, our consolidated financial statements and accompanying notes included in this Form 10-K, and important information and disclosure that we routinely post to our website (www.ihs.com).

Business Overview

We are a leading source of information and insight in pivotal areas that shape today's business landscape: energy, economics, geopolitical risk, sustainability and supply chain management. Businesses and governments around the globe rely on our comprehensive content, expert independent analysis and flexible delivery methods to make high-impact decisions and develop strategies. We have been in business since 1959 and became a publicly traded company on the New York Stock Exchange in 2005. Headquartered in Englewood, Colorado, USA, we employ more than 4,400 people in more than 30 countries around the world. We source raw data and transform it into information through a series of transformational steps that reduce the uncertainty that is inherent in unrefined data and enhances its usefulness.

Inherent in all of our strategies is a firm commitment to put our customers first in everything that we do. We believe that maintaining a disciplined outside-in approach will allow us to better serve our customers and our shareholders. To achieve that goal, we have organized our business around our customers and the geographies in which they reside: Americas, EMEA, and APAC. This structure allows us to tailor and expand the solutions we offer to meet the unique needs of our customers both globally and in local markets.

We sell our offerings primarily through subscriptions, which tend to generate recurring revenue and cash flow for us. Our subscriptions are usually for one-year periods, and we have historically seen high renewal rates. Subscriptions are generally paid in full within one or two months after the subscription period commences; as a result, the timing of our cash flows generally precedes the recognition of revenue and income.

Historically, our business has had seasonal aspects. Our second quarter of 2010 benefited from the inclusion of revenue from CERAWEEK, an annual energy executive gathering. In prior years, this conference was held in the first quarter of the year. We intend to hold our CERAWEEK conference in the second quarter for the foreseeable future. The third quarter of 2010 benefited from the inclusion of revenue generated by the triennial release of the Boiler Pressure Vessel Code (BPVC) engineering standard.

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Global Operations

We serve some of the world's largest corporations across multiple industries, as well as governments and other organizations, in more than 100 countries. Approximately 47% of our revenue is transacted outside of the United States; however, only about 30% of our revenue is transacted in currencies other than the U.S. dollar. As a result, a strengthening U.S. dollar relative to certain currencies has a negative impact on our revenue; conversely, a weakening U.S. dollar has a positive impact on our revenue. However, the impact on operating income is diminished due to certain operating expenses denominated in currencies other than the U.S. dollar. Our largest foreign currency exposures, in order of magnitude, are the British Pound, the Canadian Dollar and the Euro. Fluctuations in foreign currency rates increased (decreased) our revenues by \$6.1 million, \$(36.8) million and \$(2.6) million for the years ended November 30, 2010, 2009 and 2008, respectively, and increased (decreased) our operating income by \$1.1 million, \$(5.1) million and \$1.0 million for the same respective periods. See "Qualitative and Quantitative Disclosures About Market Risk - Foreign Currency Risk."

Key Performance Indicators

We believe that revenue growth, adjusted EBITDA (both in dollars and margin), and free cash flow are the key measures of our success. Adjusted EBITDA and free cash flow are non-GAAP financial measures (as defined by the rules of the Securities and Exchange Commission) that are further discussed in the following paragraphs.

Revenue growth. We review year-over-year revenue growth in our segments as a key measure of our success in addressing customer needs in each region of the world. We measure revenue growth in terms of organic, acquisitive, and foreign currency impacts. We define these components as follows:

Organic We define organic revenue growth as total revenue growth due to all factors other than acquisitions and foreign currency. We drive this type of revenue growth through value realization (pricing), expanding wallet share of existing customers through up-selling and cross-selling efforts, securing new customer business, and through the sale of new offerings.

Acquisitive We define acquisition-related revenue as the revenue generated from acquired products and services from the date of acquisition to the first anniversary date of that acquisition. This type of growth comes as a result of our strategy to purchase, integrate, and leverage the value of assets we acquire.

Foreign currency We define the foreign currency impact on revenue as the difference between current revenue at current exchange rates and current revenue at prior period exchange rates. Because of the significance of revenue transacted in foreign currencies, we feel it is important to measure the impact of foreign currency movements on revenue.

Non-GAAP measures. We use non-GAAP measures such as adjusted EBITDA and free cash flow in our operational and financial decision-making, believing that such measures allow us to focus on what we deem to be more reliable indicators of ongoing operating performance and our ability to generate cash flow from operations. We also believe that investors may find non-GAAP financial measures useful for the same reasons, although we caution readers that non-GAAP financial measures are not a substitute for GAAP financial measures or disclosures. None of these non-GAAP financial measures are recognized terms under GAAP and do not purport to be an alternative to net income or operating cash flow as an indicator of operating performance or any other GAAP measure. Throughout this section on management's discussion and analysis and on our IHS website, we provide reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures.

Adjusted EBITDA. EBITDA and adjusted EBITDA are used by many of our investors, research analysts, investment bankers and lenders to assess our operating performance. For example, a measure similar to EBITDA is required by the lenders under our term loan and revolving credit

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agreement. We define EBITDA as net income plus or minus net interest, plus provision for income taxes, depreciation and amortization. Our definition of adjusted EBITDA also excludes non-cash items such as stock-based compensation expense and net periodic pension and post-retirement benefits expense, and gains and losses on sales of assets, restructuring charges, gains and losses from discontinued operations, and other items that management does not utilize in assessing our operating performance.

Free Cash Flow. We define free cash flow as net cash provided by operating activities less capital expenditures.

Because not all companies use identical calculations, our presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. However, these measures can still be useful in evaluating our performance against our peer companies because we believe the measures provide users with valuable insight into key components of GAAP financial disclosures. For example, a company with higher GAAP net income may not be as appealing to investors if its net income is more heavily comprised of gains on asset sales. Likewise, eliminating the effects of interest income and expense moderates the impact of a company's capital structure on its performance.

Business Combinations

Effective December 1, 2009, our accounting for business combinations follows the new accounting guidance for business combinations and noncontrolling interests. The adoption of this guidance did not have a significant impact on our financial position or results of operations. The following paragraphs summarize the acquisitions we completed in fiscal 2010.

On February 10, 2010, we acquired Emerging Energy Research, LLC (EER) for approximately \$18 million, net of cash acquired. EER is a leading advisory firm whose mission is to help clients understand, leverage, and exploit the technological, regulatory and competitive trends in the global emerging energy sector. We recorded approximately \$5 million of intangible assets and \$14 million of goodwill as a result of the transaction.

On March 17, 2010, we acquired CSM Worldwide, Inc. for approximately \$25 million, net of cash acquired. CSM Worldwide is a leading automotive market forecasting firm dedicated to providing automotive suppliers with market information and production, power train, and sales forecasting through trusted automotive market forecasting services, and strategic advisory solutions to the world's top automotive manufacturers, suppliers, and financial organizations. We recorded approximately \$8 million of intangible assets and \$25 million of goodwill as a result of the transaction.

On May 5, 2010, we acquired Quantitative Micro Software, LLC (QMS) for approximately \$40 million, net of cash acquired. QMS is a worldwide leader in Windows-based econometric and forecasting software applications. We recorded approximately \$13 million of intangible assets and \$29 million of goodwill as a result of the transaction.

On September 7, 2010, we acquired certain chemical and energy portfolio business assets of Access Intelligence for approximately \$79 million, net of cash acquired. We purchased these businesses in order to extend the breadth of information available for current IHS energy customers and support the development of additional products and services for a broad range of industries along the supply chain. We recorded approximately \$31 million of intangible assets and \$58 million of goodwill as a result of the transaction.

On September 22, 2010, we acquired Atrion International Inc. for approximately \$56 million, net of cash acquired. Atrion is a company that combines regulatory expertise and industry-leading technology to streamline the generation, management, and distribution of hazardous materials communication

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documents and reports. We recorded approximately \$26 million of intangible assets and \$40 million of goodwill as a result of the transaction.

On September 22, 2010, we also acquired Syntex Management Systems, Inc. for approximately \$23 million, net of cash acquired. Syntex is a leading provider of operational risk management software and services that help companies ensure the health and safety of their workers while protecting the environment and managing costs. We recorded approximately \$11 million of intangible assets and \$20 million of goodwill as a result of the transaction.

On November 19, 2010, we acquired iSuppli, Inc. for approximately \$94 million, net of cash acquired. iSuppli is a global leader in technology value chain research and advisory services. The transaction also included Screen Digest Limited, a leading digital media and technology research company, which had been recently acquired by iSuppli. We preliminarily recorded approximately \$28 million of intangible assets and \$70 million of goodwill as a result of the transaction.

Our consolidated financial statements include the results of operations and cash flows for these business combinations beginning on their respective dates of acquisition.

Pricing information

We customize many of our sales offerings to meet individual customer needs and base our pricing on a number of factors, including the number of customer locations, the number of simultaneous users, and the breadth of the content to be included in the offering. Because of the level of offering customization we employ, it is difficult for us to evaluate pricing impacts on a period-to-period basis. This analysis is further complicated by the fact that the offering sets purchased by customers are often not constant between periods. As a result, we are not able to precisely differentiate between pricing and volume impacts on changes in revenue.

Restructuring Charges

2010. During the third quarter of 2010, we announced various plans to streamline operations and merge functions. As a result, we reduced our aggregate workforce by approximately 3% and consolidated several locations. The changes primarily affected the Americas and EMEA segments.

The restructuring charge that we recorded in 2010 consisted of direct and incremental costs associated with restructuring and related activities, including severance, outplacement and other employee related benefits; facility closures and relocations; and legal expenses associated with employee terminations incurred during the quarter. The entire \$9.1 million restructuring charge was recorded during the third quarter of 2010. Approximately \$7.7 million of the charge related to our Americas segment and \$1.3 million pertained to our EMEA segment, with the remainder in APAC. We recorded a \$0.1 million restructuring credit in the second quarter of 2010.

2008. During the third quarter of 2008, we executed a restructuring initiative that primarily affected the Americas and EMEA segments. Restructuring and related expenses consisted of direct and incremental costs associated with restructuring and related activities, including severance, outplacement, and other employee related benefits; facility closures, including non-cash expenses related to fixed asset and leasehold improvement write-offs; and legal expenses associated with employee terminations that were incurred during the quarter.

This initiative was undertaken to further the realignment of our resources around our regional organizational structure and to further transform our knowledge-based data accumulation operations to ensure continuous improvement in the quality of the products and services we deliver to our customers. During the course of the restructuring, we reduced our aggregate workforce by approximately 7%, we eliminated certain contractor positions, and we closed certain offices.

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The restructuring charge was incurred in its entirety during the third quarter of 2008. Approximately \$5.8 million of the charge related to our Americas segment, \$5.9 million pertained to our EMEA segment and \$0.4 million related to shared services. The majority of the liability was paid during 2008 and the remaining liability at November 30, 2008 was \$1.0 million. An over-accrual of \$0.7 million was reversed during 2009. The remaining balance was substantially paid as of November 30, 2009.

Other Items

Cost of operating our business. We incur our cost of revenue primarily to acquire, manage, and deliver our offerings. These costs include personnel, information technology, and occupancy costs, as well as royalty payments to third-party information providers. Royalty payments are based on the level of subscription sales from certain product offerings. Our selling, general, and administrative expenses include wages and other personnel costs, commissions, corporate occupancy costs, and marketing costs.

A large portion of our operating expenses are not directly variable with volume sold, particularly in our subscription-based business. Some of our revenue is driven from the sale of specifications and standards; a portion of this content is obtained from standards development organizations.

Stock-based compensation expense. We have issued stock-based compensation awards, almost exclusively restricted stock units, for which we record cost over the respective vesting periods. The typical vesting period is three years, and none of the grants exceed eight years. As of November 30, 2010, we had approximately 2.9 million stock-based awards outstanding, of which approximately 1.0 million were performance-based awards, assuming target payout of the performance awards in 2012 and beyond. The majority of the annual grants for our highest-ranking employees are performance-based awards. The vesting of the performance shares granted to date is principally based on achieving certain financial performance levels during fiscal years 2011 and 2012.

As of November 30, 2010, we have estimated that the target number of shares issuable for the 2011 and 2012 fiscal years will vest. Using these estimates in addition to estimated 2011 grants, projected share-based compensation expense for 2011 is expected to be around \$80 million. Grant date fair values that differ from our projections or a change in the actual performance levels that we achieve could result in a change in the actual amount of stock based compensation that we recognize. For example, in the event we do not achieve the projected performance metrics for 2011 or 2012, our stock-based compensation expense could decrease. Conversely, if we exceed the projected performance metrics, our stock-based compensation could increase.

Pension and post-retirement benefits. We provide the following pension and *post-retirement* plans:

U.S. RIP this defined-benefit plan covers the majority of our employees in the United States.

U.K. RIP this defined-benefit plan covers a limited number of our employees in the United Kingdom.

post-retirement medical plan this plan is a contributory plan that provides access to group rates for U.S. employees who meet specified conditions.

Supplemental Income Plan (SIP) this plan is a non-qualified pension plan for certain company personnel. During 2010, we approved a plan design change to the U.S. RIP that will be effective March 1, 2011, which resulted in a \$5.3 million reduction in liability that will be amortized over the remaining average future working lifetime of the employee group, which is approximately six years.

In 2010, we also made the decision to discontinue future benefit accruals under the U.K. RIP, which resulted in a \$0.8 million reduction in liability because of the curtailment.

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Both the U.S. RIP and U.K. RIP were underfunded as of November 30, 2010. The post-retirement medical plan and the SIP are unfunded. Net periodic pension and post-retirement benefits income (expense) were comprised of the following:

	Years Ending November 30,		
	2010	2009	2008
	(In thousands)		
Net pension expense (income)	\$ 6,723	\$ (450)	\$ (1,681)
Post-retirement benefit income	(1,939)	(2,234)	(2,023)
Net periodic pension and post-retirement expense (income)	\$ 4,784	\$ (2,684)	\$ (3,704)

We expect net pension expense to be approximately \$11 million in fiscal year 2011.

Provision for income taxes. Our effective tax rate was 23.7%, 23.2%, and 28.1% in the years ended November 30, 2010, 2009, and 2008, respectively. We expect our fiscal year 2011 effective tax rate to be slightly lower than the fiscal year 2010 rate. See our consolidated financial statements included in this Form 10-K for additional disclosure about our income taxes.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. In applying U.S. GAAP, we make significant estimates and judgments that affect our reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. In many instances, we reasonably could have used different accounting estimates. In addition, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. We base our estimates on historical experience and other assumptions that we believe are reasonable, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting policies and estimates, which are discussed further below.

Revenue Recognition

The majority of our offerings are provided under agreements containing standard terms and conditions. Approximately 78% of our revenue is derived from the sale of subscriptions, which is initially deferred and then recognized ratably as delivered over the subscription period (generally 12 months). These standard agreements typically do not require any significant judgments about when revenue should be recognized. For non-standard agreements, we generally make judgments about revenue recognition matters such as:

whether sufficient legally binding terms and conditions exist;

whether customer acceptance has been achieved; and

progress on certain consulting projects where revenue is recognized on a proportional performance basis.

We review customer agreements and utilize advice from legal counsel, as appropriate, in evaluating the binding nature of contract terms and conditions, as well as whether customer acceptance has been achieved. We estimate progress on consulting project deliverables based on our knowledge and judgment about the current status of individual consulting engagements.

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Historically, our judgments and estimates have been reasonably accurate, as we have not experienced significant disputes with our customers regarding the timing and acceptance of delivered products and services. However, our actual experience in future periods with respect to binding terms and conditions and customer acceptance may differ from our historical experience.

Business Combinations

We allocate the total cost of an acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, we identify and attribute values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions about several highly subjective variables, including future cash flows, discount rates, and asset lives. There are also different valuation models for each component, the selection of which requires considerable judgment. Our estimates and assumptions may be based, in part, on the availability of listed market prices or other transparent market data. These determinations will affect the amount of amortization expense recognized in future periods. We base our fair value estimates on assumptions we believe are reasonable, but recognize that the assumptions are inherently uncertain. Depending on the size of the purchase price of a particular acquisition and the mix of intangible assets acquired, the purchase price allocation could be materially impacted by applying a different set of assumptions and estimates.

Goodwill and Other Intangible Assets

We make various assumptions about our goodwill and other intangible assets, including their estimated useful lives and whether any potential impairment events have occurred. We perform an impairment analysis on the carrying values of goodwill and indefinite-lived intangible assets at least annually. Additionally, we review the carrying value of goodwill and other intangible assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Examples of such events or changes in circumstances, many of which are subjective in nature, include the following:

significant negative industry or economic trends,

a significant change in the manner of our use of the acquired assets or our strategy,

a significant decrease in the market value of the asset, and

a significant change in legal factors or in the business climate that could affect the value of the asset.

If an impairment indicator is present, we perform an analysis to confirm whether an impairment has actually occurred and if so, the amount of the required charge. We begin the analysis by determining the fair value of the asset, which we calculate based on projected future cash flows. The determination of fair value requires a number of significant assumptions and judgments, including assumptions about future economic conditions, revenue growth, operating margins, and discount rates.

For finite-lived intangible assets, we review the carrying amount at least annually to determine whether current events or circumstances require an adjustment to the carrying amount. A finite-lived intangible asset is considered to be impaired if its carrying value exceeds the estimated future undiscounted cash flows to be derived from it. Any impairment is measured by the amount that the carrying value of such assets exceeds their fair value.

For indefinite-lived intangible assets other than goodwill, we evaluate for impairment by comparing the amount that the carrying value of such assets exceeds their fair value, primarily based on estimated discounted cash flows. We exercise judgment in selecting the assumptions used in the estimated discounted cash flows analysis.

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For goodwill, we determine the fair value of each reporting unit, then compare the fair value of each reporting unit to its carrying value. If carrying value exceeds fair value for any reporting unit, then we calculate and compare the implied fair value of goodwill to the carrying amount of goodwill and record an impairment charge for any excess of carrying value over implied fair value.

The use of different estimates or assumptions within our projected future cash flows model, or the use of a methodology other than a projected future cash flow model, could result in significantly different fair values for our goodwill and other intangible assets.

Income Taxes

We exercise significant judgment in determining our provision for income taxes, current tax assets and liabilities, deferred tax assets and liabilities, our future taxable income (for purposes of assessing our ability to realize future benefit from our deferred tax assets), and recorded reserves related to uncertain tax positions. A valuation allowance is established to reduce our deferred tax assets to the amount that is considered more likely than not to be realized through the generation of future taxable income and other tax planning opportunities. To the extent that a determination is made to establish or adjust a valuation allowance, the expense or benefit is recorded in the period in which the determination is made.

If actual results differ from estimates we have used, or if we adjust these estimates in future periods, our operating results and financial position could be materially affected.

Pension and Post-retirement Benefits

We have defined benefit plans that cover the majority of our employees in the U.S. and a limited number of employees in the U.K. We also have post-retirement plans in the U.S. that provide medical benefits for certain retirees and their eligible dependents.

We make a number of key assumptions in measuring our plan obligations, many of which are highly susceptible to change from period to period. These assumptions include the discount rate, the long-term expected return on plan assets, the rate of future salary increases, and various demographic assumptions, as follows:

Discount rate we utilized a bond matching model that averages a bond universe of about 500 AA-graded non-callable bonds between the 10th and 90th percentiles for each maturity group as a proxy for setting the discount rate at year-end.

Asset returns are based upon the anticipated average rate of earnings expected on invested funds of the plan over the long-term.

Salary increase assumptions are based upon historical experience and anticipated future management actions.

Demographic assumptions, such as turnover, retirement and disability, are based upon historical experience and are monitored on a continuing basis to determine if adjustments to these assumptions are warranted in order to better reflect anticipated future experience. Depending on the assumptions and estimates used, our net periodic pension and post-retirement benefit expense could vary significantly within a range of possible outcomes and could have a material impact on our financial results.

Discount rates and expected rates of return on plan assets are selected at the end of a given fiscal year and will impact expense in the subsequent year. A fifty-basis-point decrease in certain

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assumptions made at the beginning of 2010 would have resulted in the following effects on 2010 pension expense and the projected benefit obligation (PBO) as of November 30, 2010:

Change in Assumption	Impact to Pension Results	U.S. Plan
	Increase/ (Decrease) on	Increase/ (Decrease) on November 30,
	2010 Pre-Tax Expense	2010 PBO
	(In thousands)	
50-basis-point decrease in discount rate	\$ 1,302	\$ 10,437
50-basis-point increase in discount rate	\$ (1,206)	\$ (9,569)
50-basis-point decrease in expected return on assets	\$ (1,222)	\$
50-basis-point increase in expected return on assets	\$ 1,222	\$

Change in Assumption	Impact to Pension Results	U.K. Plan
	Increase/ (Decrease) on	Increase/ (Decrease) on November 30,
	2010 Pre-Tax Expense	2010 PBO
	(In thousands)	
50-basis-point decrease in discount rate	£ 97	£ 2,890
50-basis-point increase in discount rate	£ (95)	£ (2,530)
50-basis-point decrease in expected return on assets	£ (100)	£
50-basis-point increase in expected return on assets	£ 100	£

Stock-Based Compensation

Our stock plans provide for the grant of various equity awards, including performance-based awards. As of November 30, 2010, we had outstanding stock-based awards for 2.9 million shares of our stock, of which approximately 1.0 million shares were subject to performance-based awards, assuming target payout of the performance awards in 2012 and beyond.

For time-based grants, we calculate stock-based compensation cost by multiplying the grant date fair market value by the number of shares granted, reduced for estimated forfeitures. The estimated forfeiture rate is based on historical experience, and we update our calculations quarterly based on actual experience.

For performance-based grants, we calculate stock-based compensation cost by multiplying the grant date fair market value by the number of shares granted, reduced for estimated forfeitures. We assume that shares will vest at target, and we evaluate that assumption each quarter and adjust as appropriate when it appears probable that the shares will vest at a level other than target. For example, in the event we do not achieve the projected performance metrics for 2011, 2012, or 2013, our stock based compensation expense would decrease. Conversely, if we exceed the projected performance metrics, our stock-based compensation would increase.

Since we only had outstanding options exercisable for 0.2 million shares of common stock as of November 30, 2010, changes in valuation assumptions for stock options will not materially affect our financial results. However, if the number of options granted materially increases in

the future, the likelihood that changes in our valuation assumptions could materially impact our financial results also increases.

Table of Contents**Results of Operations***Total Revenue*

Total revenue for 2010 increased 11% compared to 2009. Total revenue for 2009 increased 15% compared to 2008. The table below displays the percentage point change in revenue due to organic, acquisitive, and foreign currency factors when comparing 2010 to 2009 and 2009 to 2008.

(All amounts represent percentage points)	Increase (Decrease) in Total Revenue		
	Organic	Acquisitive	Foreign Currency
2010 vs. 2009	5%	5%	1%
2009 vs. 2008	3%	16%	(4)%

2010 vs. 2009. The 5% organic revenue growth for 2010 was driven primarily by a 6% increase in our subscription-based business. Subscriptions make up approximately 78% of our overall business; therefore, changes in subscription sales patterns have a proportionately larger impact on the direction of our total revenues. We also benefited from growth within the non-subscription parts of the business, including revenue from the triennial release of the Boiler Pressure Vessel Code (BPVC) engineering standard.

The acquisition-related revenue growth for 2010 was due to acquisitions we made this year, as well as the run-out of acquisitions made in 2009. Acquisitions made during 2010 include the following:

Emerging Energy Research (EER) in the first quarter of 2010,

CSM Worldwide (CSM) and Quantitative Micro Software (QMS) in the second quarter of 2010, and

Access Intelligence, Atrion, Syntex, and iSuppli/Screen Digest in the fourth quarter of 2010.

2009 vs. 2008. The 3% organic revenue growth for 2009 was driven primarily by a 9% increase in our subscription-based business, due in part to higher sales of Energy and Product Lifecycle information. This increase was partially offset by significant organic decreases in our non-subscription businesses, most notably consulting and transaction revenue, which both suffered from softness in business due to the difficult economy.

The acquisition-related revenue growth for 2009 was partially due to acquisitions made during 2009, but was primarily due to the fourth quarter 2008 acquisition of Global Insight. Acquisitions made during 2009 include the following:

The remaining 49.9% interest in Fairplay (giving us 100% ownership of Fairplay) in the third quarter of 2009, and

LogTech Canada Ltd. (LogTech) and Environmental Support Solutions, Inc. (ESS) in the fourth quarter of 2009.

We evaluate revenue by segment in order to better understand our customers' needs in the geographies where they reside. We also supplementally review revenue by transaction type and information domain. Understanding revenue by transaction type helps us identify changes related to recurring revenue and product margin, while revenue by information domain helps us understand performance based on our capabilities as we define them.

Table of Contents*Revenue by Segment (geography)*

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Americas revenue	\$ 670,811	11%	\$ 602,641	16%	\$ 520,925
As a percent of total revenue	62%		62%		62%
EMEA revenue	311,916	8%	287,855	9%	263,457
As a percent of total revenue	29%		30%		31%
APAC revenue	92,733	21%	76,804	29%	59,648
As a percent of total revenue	9%		8%		7%
Total revenue	\$ 1,075,460	11%	\$ 967,300	15%	\$ 844,030

The percentage change in each geography segment is due to the factors described in the following table.

	2010 vs. 2009			2009 vs. 2008		
	Organic	Acquisitive	Foreign Currency	Organic	Acquisitive	Foreign Currency
Americas revenue	4%	6%	1%	3%	14%	(2)%
EMEA revenue	6%	3%	0%	1%	18%	(10)%
APAC revenue	8%	11%	1%	13%	20%	(4)%

2010 vs. 2009. We began to see a turn in our organic revenue growth numbers in the second quarter of 2010. Our growth rate, while still positive, had been decelerating, which we attributed to the general difficult worldwide economic conditions. We are now experiencing a period of modestly accelerating organic growth, led by continuing increases in the subscription business in all three regions. We also had the benefit of the BPVC sales in our 2010 numbers, which aided in the overall growth of the non-subscription portion of the business. APAC is continuing to grow in all areas of the business, and we expect to continue expanding our sales efforts in that region.

2009 vs. 2008. The worldwide economic conditions in 2009 had a negative impact on the Americas and EMEA regions growth. While we still saw positive organic revenue growth in each region, our growth rates were down from recent historical results. Our subscription-based organic revenue growth was positive in each region, but was largely offset by organic decreases in consulting and transaction revenue. The APAC region expanded in all areas of the business as we began concentrating more of our efforts to address the emerging markets in that region.

Revenue by Transaction Type

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Subscription revenue	\$ 836,039	12%	\$ 749,123	19%	\$ 627,164
As a percent of total revenue	78%		77%		74%
Consulting revenue	62,331	3%	60,496	8%	56,197
As a percent of total revenue	6%		6%		7%
Transaction revenue	64,162	9%	58,980	(15)%	69,614
As a percent of total revenue	6%		6%		8%
Other revenue	112,928	14%	98,701	8%	91,055

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As a percent of total revenue	11%		10%		11%
Total revenue	\$ 1,075,460	11%	\$ 967,300	15%	\$ 844,030

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2010 vs. 2009. Subscription-based revenue is at the core of our business model, and we continue to maintain a high percentage of our revenue in subscriptions. In 2010, approximately half of the subscription-based revenue increase was due to organic growth and the other half was due to acquisition-related growth. Growth in 2010 consulting revenue was due to acquisition activity, offset by 9% organic revenue declines. We experienced 16% Transaction organic revenue growth in 2010, in large part due to the sales of BPVC in the third quarter of 2010. Other revenue growth was primarily due to acquisition activity in 2010.

2009 vs. 2008. Subscription-based revenue grew 9% organically in 2009 due in part to higher sales of Energy and Product Lifecycle Information, among other things. Consulting revenue decreased 25% organically due to softness in demand for our consulting services, primarily in our Energy domain. Transaction revenue was down 18% organically due to slowing in the Product Lifecycle and Energy single document businesses. The organic decreases in consulting and transaction revenues were more pronounced because they were more adversely affected by the economic environment than was our subscription business. Other revenue was flat organically as higher sales of Product Lifecycle parts products were offset by lower Energy software sales.

Revenue by Information Domain

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Energy revenue	\$ 472,240	5%	\$ 448,798	1%	\$ 442,919
As a percent of total revenue	44%		46%		52%
Product Lifecycle revenue	344,935	15%	298,968	3%	290,637
As a percent of total revenue	32%		31%		34%
Security revenue	112,061	6%	105,566	40%	75,192
As a percent of total revenue	10%		11%		9%
Environment revenue	61,015	84%	33,195	48%	22,456
As a percent of total revenue	6%		3%		3%
Macroeconomic Forecasting and Intersection revenue	85,209	5%	80,773	530%	12,826
As a percent of total revenue	8%		8%		2%
Total revenue	\$ 1,075,460	11%	\$ 967,300	15%	\$ 844,030

2010 vs. 2009. Our Energy domain revenue continues to be our most significant source of revenue, and grew during 2010 as we continued to see improving trends in our core Energy subscription offerings. Product Lifecycle revenue increases were driven by inclusion of the BPVC sales, as well as continuing solid organic growth and the inclusion of the CSM Worldwide acquisition. We continue to see good organic growth in Security revenue, in large part due to sales of our maritime offerings. Environment's significant revenue increases were primarily due to recent acquisitions, helped by positive organic growth. The Macroeconomic Forecasting and Intersection revenue supports all of the other domains, and increased proportionally with the increases we saw in the other domains. All of our domains had positive organic growth in 2010.

2009 vs. 2008. Revenue growth for the Energy domain was primarily due to an increase in the subscription-based business, which was largely offset by the impact of unfavorable foreign currency rates and a decrease in consulting revenue. Product Lifecycle domain growth was primarily due to an increase in the subscription-based business as well as acquisitions, partially offset by the impact of unfavorable foreign currency rates. Revenue growth for the Security domain was primarily the result of consolidating Fairplay as of December 1, 2008, although higher subscription-based revenue also

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contributed to the increase. Environment domain revenue growth was primarily the result of acquisitions. Macroeconomic Forecasting and Intersection revenue growth was primarily attributable to the Global Insight acquisition in October 2008. Each of our domains experienced positive organic growth in 2009.

Operating Expenses

We continuously evaluate our operating expenses and look for opportunities to improve margins and manage expenses. In 2010, we eliminated approximately three percent of our worldwide workforce. We also continued to make progress on our Vanguard initiative, which is our plan for consolidating and standardizing billing systems, general ledgers, sales-force automation capabilities and all supporting business processes. We are taking a phased implementation approach to Vanguard in order to ensure no disruption to our business or our customers.

The following table shows our operating expenses and the associated percentages of revenue.

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Operating expenses:					
Cost of revenue	\$ 457,878	12%	\$ 409,946	10%	\$ 373,231
As a percent of total revenue	43%		42%		44%
SG&A expense	358,012	8%	332,518	13%	295,523
As a percent of total revenue	33%		34%		35%
Depreciation and amortization expense	59,474	21%	49,146	25%	39,410
As a percent of total revenue	6%		5%		5%
Supplemental information:					
SG&A expense excluding stock-based compensation	295,171	6%	277,970	8%	256,912
As a percent of total revenue	27%		29%		30%
<i>Cost of Revenue and Sales Margins</i>					

In 2010, 2009, and 2008, cost of revenue increased in line with the increase in revenue. Sales margins, which we define as revenue less cost of sales, divided by total sales, were also largely unchanged in total for the three years. The following table shows the sales margin percentages and percentage point change by operating segment.

(Percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Americas sales margin	59%	0%	59%	1%	58%
EMEA sales margin	55%	0%	55%	3%	52%
APAC sales margin	61%	(2)%	63%	4%	59%
Total sales margin	57%	(1)%	58%	2%	56%

As we have discussed in recent periods, the rate of sales margin expansion has been slowing due to product mix changes, and the acquisition of businesses with lower margins than ours has also moderated sales margin expansion, although, as is the case with many of our acquisitions, we expect to bring the margin profile up throughout the first year of ownership. We anticipate that sales margin expansion will be flat to slightly up for the near term.

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The 2009 improvement in our sales margins for each of the three regions and for the company overall was driven primarily by sales mix, as we experienced higher growth rates in our subscription products, and to cost reductions resulting from the third quarter 2008 restructuring. In general, our subscription-based revenue generates higher contribution margins as it has a relatively fixed cost structure whereas consulting and transaction revenue have comparatively lower contribution margins due to the variable nature of the costs associated with those revenue streams.

Selling, General and Administrative (SG&A) Expense

We typically evaluate our SG&A expense excluding stock-based compensation expense. The 2010 total dollar increase in this line item was primarily due to acquisition-related activity, but the percentage improvements in this category reflect a continued focus on the cost structure of our business.

The 2009 total dollar increase in SG&A expense was also driven primarily by acquisition-related activity, partially offset by foreign currency movements.

Depreciation and Amortization Expense

For 2010, compared to 2009, our depreciation and amortization expense increased primarily due to the increase in depreciable and amortizable assets from acquisitions, as well as an increase of approximately \$4 million in capital expenditures. For 2009, compared to 2008, the increase was primarily due to the addition of depreciable and amortizable assets from acquisitions made in 2009, as well as an increase in capital expenditures of \$14 million over 2008.

Restructuring

We restructured in 2008 and again in 2010, as more fully explained in Note 4 to the Consolidated Financial Statements in this Form 10-K. As a result of our most recent restructuring in the third quarter of 2010, we expect to realize an \$8-10 million improvement annually to pre-tax income and adjusted EBITDA as a result of our actions.

Operating Income by Segment (geography)

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Americas operating income	\$ 203,451	6%	\$ 191,754	19%	\$ 160,757
As a percent of segment revenue	30%		32%		31%
EMEA operating income	69,689	15%	60,576	38%	43,758
As a percent of segment revenue	22%		21%		17%
APAC operating income	29,574	20%	24,650	36%	18,098
As a percent of segment revenue	32%		32%		30%
Shared services operating loss	(115,971)		(97,094)		(89,602)
Total operating income	\$ 186,743	4%	\$ 179,886	35%	\$ 133,011

As a percent of total revenue

2010	17%	2009	19%	2008	16%
------	-----	------	-----	------	-----

2010 vs. 2009. Fiscal 2010 was impacted by the recording of a net \$9.0 million restructuring charge. Without this charge, operating income as a percentage of revenue for 2010 would have been 18.2%.

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The increase in Americas operating income was primarily due to increasing strength in our subscription revenue growth, partially offset by the third quarter 2010 restructuring charge of \$7.7 million related to the Americas segment. We also saw positive benefit from the addition of acquisition activity during the year.

The increase in operating income for the EMEA segment during 2010 was primarily due to the high organic growth rate within revenue, the leveraging of the EMEA cost structure, and the positive benefit of recent acquisitions in the region. The EMEA increase was partially offset by the EMEA portion of the third quarter 2010 restructuring charge (\$1.3 million).

The increase in APAC operating income was primarily due to the CSM Worldwide acquisition, which has significant operations in the APAC region, but the increase was also driven by continuing strength in our businesses in the APAC segment.

Our shared services operating income decreased primarily because of the increase in stock-based compensation expense for 2010. We allocate all stock-based compensation expense to our shared services function.

2009 vs. 2008. Fiscal 2008 was impacted by the recording of a \$12.1 million restructuring charge. Without this charge, the operating income as a percentage of revenue for 2008 would have been 17.2%.

Operating income for our Americas segment for 2008 included a restructuring charge of \$5.8 million. Without the restructuring charge, operating income as a percentage of revenue would have been 32.0% in 2008, in line with 2009.

Operating income for our EMEA segment increased primarily due to higher sales margins in 2009 and the fact that 2008 included a \$5.9 million restructuring charge. Without the restructuring charge, the operating income as a percentage of revenue would have been 18.8% in 2008.

Operating income for our APAC segment increased due to the mix of products sold with higher growth of higher margin subscription-based products in 2009.

Provision for Income Taxes.

Our effective tax rates for the year ended November 30, 2010 was 23.7%, compared to 23.2% in 2009 and 28.1% in 2008. The 2010 effective tax rates reflect the benefit from a tax election made during the second quarter of 2010. The 2009 rate reflects the impact of several EMEA activities, including discrete period tax benefits recognized from the successful outcome of an appeal and a favorable ruling, as well as the full year impact of our internal legal entity reorganization within EMEA that occurred in the third quarter of 2008.

Adjusted EBITDA (non-GAAP measure)

All of the reconciling items included in the following table are either (i) non-cash items (e.g., depreciation and amortization, stock-based compensation, non-cash pension and post-retirement expense) or (ii) items that we do not consider to be useful in assessing our operating performance (e.g., income taxes, restructuring charges, and gain on sale of assets). In the case of the non-cash items, we believe that investors can better assess our operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect our ability to generate free cash flow or invest in our business. For example, by eliminating depreciation and amortization from EBITDA, users can compare operating performance without regard to different

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accounting determinations such as useful life. In the case of the other items, we believe that investors can better assess operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Net income attributable to IHS Inc.	\$ 141,315	5%	\$ 134,963	36%	\$ 98,993
Interest income	(655)		(1,088)		(3,162)
Interest expense	2,036		2,217		2,482
Provision for income taxes	43,993		41,512		38,444
Depreciation and amortization	59,474		49,146		39,410
EBITDA.	\$ 246,163	9%	\$ 226,750	29%	\$ 176,167
Stock-based compensation expense	66,474		57,112		39,972
Restructuring charges (credits)	9,022		(735)		12,089
Gain on sales of assets, net			(365)		(328)
Non-cash net periodic pension and post-retirement expense (income)	3,407		(4,006)		(5,551)
Loss (income) from discontinued operations, net	54		138		(432)
Adjusted EBITDA	\$ 325,120	17%	\$ 278,894	26%	\$ 221,917

Our 2010 adjusted EBITDA increased primarily because of our improving organic revenue growth, the acquisitions we have made, our focus on costs, and the leverage in our business model. Our 2009 adjusted EBITDA increased for the same reasons. We continue to use these mechanisms to improve our overall results.

Financial Condition

(In thousands, except percentages)	As of November 30, 2010	As of November 30, 2009	\$ Change	% Change
Accounts receivable, net	\$ 256,552	\$ 203,500	\$ 53,052	26%
Accrued compensation	\$ 51,233	\$ 44,196	\$ 7,037	16%
Deferred subscription revenue	\$ 392,132	\$ 319,163	\$ 72,969	23%

The increase in our accounts receivable balance is due to a combination of organic growth and the addition of our 2010 acquisitions. The change in accrued compensation is primarily due to the impact of payroll timing and an increased number of employees, who were added primarily through acquisitions in 2010. The increase in deferred subscription revenue was primarily attributable to acquisitive growth, but also includes robust organic growth. As of November 30, 2010, the organic growth rate implied within deferred subscription revenue was 10%. While this is a leading indicator for our subscription-based business, we rely on it primarily as a directionally accurate indicator.

Liquidity and Capital Resources

As of November 30, 2010, we had cash and cash equivalents of \$201 million and \$294 million of debt. We have generated strong cash flows from operations over the last few years. On a trailing twelve month basis, our conversion of Adjusted EBITDA to free cash flow was 72%; excluding restructuring payments, our conversion ratio was 75%. Because of our cash, debt, and cash flow positions, as well

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as the new financing that we secured in January 2011 (see Note 8 to the Consolidated Financial Statements in this Form 10-K), we believe we will have sufficient cash to meet our working capital and capital expenditure needs.

Our future capital requirements will depend on many factors, including the level of future acquisitions, the need for additional facilities or facility improvements, the timing and extent of spending to support product development efforts, the expansion of sales and marketing activities, the timing of introductions of new products, changing technology, investments in our internal business applications, and the continued market acceptance of our offerings. We could be required, or could elect, to seek additional funding through public or private equity or debt financing for any possible future acquisitions; however, additional funds may not be available on terms acceptable to us or at all. We expect to incur approximately \$35-40 million in capital expenditures for 2011.

Cash Flows

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Net cash provided by operating activities	\$ 266,188	13%	\$ 234,694	24%	\$ 189,249
Net cash used in investing activities	(366,960)	138%	(154,038)	(46)%	(284,949)
Net cash provided by (used in) financing activities	181,602	(1)	407	(112)%	(3,509)

(1) Not meaningful.

2010 vs. 2009. The increase in net cash provided by operating activities was principally due to profitable business growth year over year, as evidenced by increased sales activity, which led to a higher deferred subscription revenue balance. Our payables and accrued liabilities balances increased year over year, but were offset by higher receivables balances related to our growth, as well as cash outflows relating to our third quarter 2010 restructuring activity. Our subscription-based business model continues to be a cash flow generator that is aided by the following factors:

positive working capital characteristics that do not generally require substantial working capital increases to support our growth,

a cash-for-tax rate that is trending with our effective tax rate (below 30%), and

our well-capitalized balance sheet.

The increase in net cash used in investing activities was almost all due to increased acquisition activity in 2010 compared to 2009, with increased capital expenditures in 2010 accounting for the remainder of the difference. We continue to believe that it is important for us to re-invest our earnings and cash flows into our business to increase our return to shareholders.

The increase in net cash provided by financing activities was principally due to increased borrowings on our credit facility to fund acquisitions, partially offset by an increase in repurchases of our common stock through our share repurchase program used for statutory withholding requirements associated with the vesting of shares under our employee stock program.

2009 vs. 2008. The increase in net cash provided by operating activities was principally due to our business growing profitably year over year, our positive receivables collections in 2009, and the continued positive impact of our acquisitions. The positive cash flow impact of our growing business in 2009 was partially offset by the decreased accounts payable and accrued expenses as we paid certain restructuring costs in 2009 as well as payments to standards groups in 2009 that were accrued for as of November 2008.

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The decrease in cash used in investing activities was primarily driven by the fact that there was decreased acquisition volume in 2009. In 2009, we used \$125 million in acquisitions of businesses compared to \$273 million in 2008.

In 2009, our cash flows from financing activities included net repayment of borrowings of \$4 million, while in 2008 we had net borrowings of \$77 million on our credit facility and other notes payable. In addition, in 2009 we had \$10 million in repurchases of common stock while in 2008 we had \$84 million, as we were active in the open market during 2008.

Free Cash Flow (non-GAAP measure)

The following table reconciles our non-GAAP free cash flow measure to net cash provided by operating activities.

(In thousands, except percentages)	2010	% Change 2010 vs. 2009	2009	% Change 2009 vs. 2008	2008
Net cash provided by operating activities	\$ 266,188		\$ 234,694		\$ 189,249
Capital expenditures on property and equipment	(31,836)		(27,739)		(13,885)
Free cash flow	\$ 234,352	13%	\$ 206,955	18%	\$ 175,364

Our free cash flow has historically been very healthy, and we expect that it will continue to be a significant source of funding for our business strategy of growth through organic and acquisitive means.

Credit Facility and Other Debt

Please refer to Note 8 of the Consolidated Financial Statements in this Form 10-K for a discussion of the current status of our credit facility and debt, including our new financing arrangement completed in January 2011.

In 2010, particularly the fourth quarter, we made significant additional borrowings against our revolving credit agreement in order to fund acquisitions and working capital requirements. In January 2011, we elected to implement a new credit facility since we had less than two years remaining on our prior credit facility, and as market conditions had improved substantially. In completing the new \$1 billion credit facility, we added capacity to fund future acquisitions.

Share Repurchase Program

Please refer to Part II, Item 5 and to Note 16 of the Consolidated Financial Statements in this Form 10-K for a discussion of our share repurchase programs and associated activity.

Off-Balance Sheet Transactions

We have no off-balance sheet transactions.

Contractual Obligations and Commercial Commitments

We have various contractual obligations and commercial commitments which are recorded as liabilities in our consolidated financial statements. Other items, such as certain purchase commitments and other executory contracts, are not recognized as liabilities in our consolidated financial statements but

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are required to be disclosed. The following table summarizes our contractual obligations and commercial commitments at November 30, 2010, along with the obligations associated with the term loan that we entered into on January 5, 2011, and the future periods in which such obligations are expected to be settled in cash:

Contractual Obligations and Commercial Commitments	Total	Payment due by period			More than 5 years
		Less than 1 year	1 - 3 years	3 - 5 years	
(In thousands)					
Debt	\$ 320,925	\$ 20,299	\$ 54,686	\$ 245,940	\$
Operating lease obligations	168,393	24,599	41,056	36,374	66,364
Post-retirement medical-benefit plan contributions	8,430	878	1,794	1,765	3,993
Unconditional purchase obligations	14,792	7,222	6,432	1,138	
Total	\$ 512,540	\$ 52,998	\$ 103,968	\$ 285,217	\$ 70,357

We expect to contribute approximately \$1.7 million to the UK RIP and approximately \$0.7 million to the SIP during 2011. We do not expect to make any contributions for the U.S. RIP in 2011.

Recent Accounting Pronouncements

In October 2009, the FASB issued guidance on revenue recognition that will become effective for us beginning December 1, 2010. Under the new guidance, when vendor specific objective evidence (VSOE) or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. The adoption of the update will not have a material impact on our financial position and results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk**Interest Rate Risk**

As of November 30, 2010, we had no investments other than cash and cash equivalents and therefore we were not exposed to material interest rate risk on investments.

We may be exposed from time to time to changes in interest rates that may adversely affect our results of operations and financial position related to our debt. A 10% adverse change in interest rates would result in hypothetical increase of approximately \$0.3 million in interest expense.

Foreign Currency Exchange Rate Risk

Our consolidated financial statements are expressed in U.S. dollars, but a portion of our business is conducted in currencies other than U.S. dollars. Changes in the exchange rates for such currencies into U.S. dollars can affect our revenues, earnings, and the carrying values of our assets and liabilities in our consolidated balance sheet, either positively or negatively. Fluctuations in foreign currency rates increased (decreased) our revenues by \$6.1 million, \$(36.8) million, and \$(2.6) million for the years ended November 30, 2010, 2009, and 2008, respectively, and increased (decreased) our operating income by \$1.1 million, \$(5.1) million, and \$1.0 million for the same respective periods. The translation effects of changes in exchange rates in our consolidated balance sheet are recorded within the cumulative translation adjustment component of our shareholders' equity. In 2010, we recorded cumulative translation loss of \$18 million, reflecting changes in exchange rates of various currencies compared to the U.S. dollar.

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A 10% change in the currencies that we are primarily exposed to would have impacted our 2010 revenue and operating income by approximately \$31.1 million and \$6.4 million, respectively. Approximately 56% of total revenue was earned in subsidiaries with the U.S. dollar as the functional currency.

Credit Risk

We are exposed to credit risk associated with cash equivalents, foreign currency derivatives, and trade receivables. We do not believe that our cash equivalents or foreign currency derivatives present significant credit risks because the counterparties to the instruments consist of major financial institutions that are financially sound or have been capitalized by the U.S. government, and we manage the notional amount of contracts entered into with any one counterparty. Substantially all trade receivable balances are unsecured. The concentration of credit risk with respect to trade receivables is limited by the large number of customers in our customer base and their dispersion across various industries and geographic areas. We perform ongoing credit evaluations of our customers and maintain an allowance for potential credit losses.

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Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of IHS Inc.

We have audited the accompanying consolidated balance sheets of IHS Inc. as of November 30, 2010 and 2009, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended November 30, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of IHS Inc. at November 30, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 30, 2010, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), IHS Inc.'s internal control over financial reporting as of November 30, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 14, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado

January 14, 2011

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Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of November 30, 2010, based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of November 30, 2010.

Our independent registered public accounting firm has issued an audit report on our internal control over financial reporting. Their report appears on the following page.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Date: January 14, 2011

/s/ JERRE L. STEAD
Jerre L. Stead

Chairman and Chief Executive Officer

/s/ MICHAEL J. SULLIVAN
Michael J. Sullivan

Executive Vice President and Chief Financial Officer

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Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Shareholders of IHS Inc.

We have audited IHS Inc.'s internal control over financial reporting as of November 30, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). IHS Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, IHS Inc. maintained, in all material respects, effective internal control over financial reporting as of November 30, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of IHS Inc. as of November 30, 2010 and 2009, and the related consolidated statements of operations, changes in shareholders equity, and cash flows for each of the three years in the period ended November 30, 2010 and our report dated January 14, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado

January 14, 2011

Table of Contents**IHS Inc.****Consolidated Balance Sheets**

	As of November 30,	
	2010	2009
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 200,735	\$ 124,201
Accounts receivable, net	256,552	203,500
Deferred subscription costs	41,449	40,279
Deferred income taxes	33,532	30,970
Other	20,466	14,284
Total current assets	552,734	413,234
Non-current assets:		
Property and equipment, net	93,193	74,798
Intangible assets, net	384,568	309,795
Goodwill, net	1,120,830	875,742
Other	4,377	2,019
Total non-current assets	1,602,968	1,262,354
Total assets	\$ 2,155,702	\$ 1,675,588
Liabilities and shareholders equity		
Current liabilities:		
Short-term debt	\$ 19,054	\$ 92,577
Accounts payable	35,854	26,470
Accrued compensation	51,233	44,196
Accrued royalties	24,338	25,666
Other accrued expenses	51,307	39,385
Income tax payable	4,350	1,720
Deferred subscription revenue	392,132	319,163
Total current liabilities	578,268	549,177
Long-term debt	275,095	141
Accrued pension liability	25,104	19,194
Accrued post-retirement benefits	10,056	9,914
Deferred income taxes	73,586	68,334
Other liabilities	17,512	15,150
Commitments and contingencies		
Shareholders equity:		
Class A common stock, \$0.01 par value per share, 160,000,000 and 80,000,000 shares authorized; 66,250,283 and 64,801,035 shares issued; 64,248,547 and 63,283,947 shares outstanding at November 30, 2010 and 2009, respectively	662	648
Additional paid-in capital	541,108	472,791
Treasury stock, at cost; 2,001,736 and 1,517,088 shares at November 30, 2010 and 2009, respectively	(101,554)	(75,112)
Retained earnings	860,497	719,182

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Accumulated other comprehensive loss	(124,632)	(103,831)
Total shareholders' equity	1,176,081	1,013,678
Total liabilities and shareholders' equity	\$ 2,155,702	\$ 1,675,588

See accompanying notes.

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IHS Inc.

Consolidated Statements of Operations

	Years Ended November 30,		
	2010	2009	2008
	(In thousands, except per-share amounts)		
Revenue:			
Products	\$ 937,383	\$ 840,129	\$ 722,311
Services	138,077	127,171	121,719
Total revenue	1,075,460	967,300	844,030
Operating expenses:			
Cost of revenue:			
Products	383,499	339,950	295,429
Services	74,379	69,996	77,802
Total cost of revenue (includes stock-based compensation expense of \$3,633; \$2,564; and \$1,361 for the years ended November 30, 2010, 2009, and 2008, respectively)	457,878	409,946	373,231
Selling, general and administrative (includes stock-based compensation expense of \$62,841; \$54,548; and \$38,611 for the years ended November 30, 2010, 2009, and 2008, respectively)	358,012	332,518	295,523
Depreciation and amortization	59,474	49,146	39,410
Restructuring charges (credits)	9,022	(735)	12,089
Gain on sales of assets, net		(365)	(328)
Net periodic pension and post-retirement expense (income)	4,784	(2,684)	(3,704)
Other income, net	(453)	(412)	(5,202)
Total operating expenses	888,717	787,414	711,019
Operating income	186,743	179,886	133,011
Interest income	655	1,088	3,162
Interest expense	(2,036)	(2,217)	(2,482)
Non-operating income (expense), net	(1,381)	(1,129)	680
Income from continuing operations before income taxes and equity investment	185,362	178,757	133,691
Provision for income taxes	(43,993)	(41,512)	(38,444)
Income from equity investment			3,327
Income from continuing operations	141,369	137,245	98,574
Income (loss) from discontinued operations, net	(54)	(138)	432
Net income	141,315	137,107	99,006
Less: Net income attributable to noncontrolling interests		(2,144)	(13)
Net income attributable to IHS Inc.	\$ 141,315	\$ 134,963	\$ 98,993

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Basic earnings per share:				
Income from continuing operations attributable to IHS Inc.	\$	2.21	\$ 2.14	\$ 1.59
Income (loss) from discontinued operations, net				0.01
Net income attributable to IHS Inc.(1)	\$	2.21	\$ 2.14	\$ 1.60
Weighted average shares used in computing basic earnings per share		63,964	63,055	62,063
Diluted earnings per share:				
Income from continuing operations attributable to IHS Inc.	\$	2.18	\$ 2.11	\$ 1.57
Income (loss) from discontinued operations, net				0.01
Net income attributable to IHS Inc.(1)	\$	2.18	\$ 2.11	\$ 1.57
Weighted average shares used in computing diluted earnings per share		64,719	63,940	62,957

(1) Amounts may not sum due to rounding.

See accompanying notes.

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IHS Inc.

Consolidated Statement of Changes In Shareholders Equity

	Shares of Class A Common Stock	Class A Common Stock	Shares of Class B Common Stock	Class B Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
(In thousands)									
Balance at November 30, 2007	48,759	\$ 498	13,750	\$ 138	\$ 381,124	\$ (46,045)	\$ 483,804	\$ 21,389	\$ 840,908
Stock-based award activity	192	5			38,995	(18,817)			20,183
Excess tax benefit on vested shares					9,353				9,353
Repurchases of common stock	(1,200)					(65,545)			(65,545)
Shares issued for acquisitions	1,301				(21,465)	65,775			44,310
Class B shares conversion to Class A shares	13,750	138	(13,750)	(138)					
Net income attributable to IHS Inc.							98,993		98,993
Other comprehensive income:									
Foreign currency translation adjustments, net of tax								(96,977)	(96,977)
Net pension liability adjustment, net of tax								(51,592)	(51,592)
Comprehensive income, net of tax									(49,576)
Adoption of new tax guidance							1,422		1,422
Balance at November 30, 2008	62,802	\$ 641		\$	\$ 408,007	\$ (64,632)	\$ 584,219	\$ (127,180)	\$ 801,055
Stock-based award activity	482	7			58,156	(10,480)			47,683
Excess tax benefit on vested shares					6,628				6,628
Net income attributable to IHS Inc.							134,963		134,963
Other comprehensive income:									
Foreign currency translation adjustments, net of tax								41,627	41,627
Net pension liability adjustment, net of tax								(18,278)	(18,278)
Comprehensive income, net of tax									158,312
Balance at November 30, 2009	63,284	\$ 648		\$	\$ 472,791	\$ (75,112)	\$ 719,182	\$ (103,831)	\$ 1,013,678
Stock-based award activity	965	14			64,746	(26,442)			38,318
Excess tax benefit on vested shares					3,571				3,571
Net income attributable to IHS Inc.							141,315		141,315
Other comprehensive income:									
Foreign currency translation adjustments, net of tax								(18,076)	(18,076)
Net pension liability adjustment, net of tax								(2,725)	(2,725)
Comprehensive income, net of tax									120,514
Balance at November 30, 2010	64,249	\$ 662		\$	\$ 541,108	\$ (101,554)	\$ 860,497	\$ (124,632)	\$ 1,176,081

See accompanying notes.

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IHS Inc.

Consolidated Statements of Cash Flows

	Years Ended November 30,		
	2010	2009	2008
	(In thousands)		
Operating activities:			
Net income	\$ 141,315	\$ 137,107	\$ 99,006
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	59,474	49,146	39,410
Stock-based compensation expense	66,474	57,112	39,972
Gain on sales of assets, net		(365)	(328)
Impairment of assets			323
Excess tax benefit from stock-based compensation	(5,024)	(13,072)	(3,952)
Non-cash net periodic pension and post-retirement expense (income)	3,407	(4,006)	(5,551)
Distributions from equity investment			3,924
Income from equity investment			(3,327)
Deferred income taxes	(3,471)	18,272	4,833
Change in assets and liabilities:			
Accounts receivable, net	(37,886)	19,476	(23,944)
Other current assets	(2,565)	205	(1,314)
Accounts payable	3,017	(13,280)	(4,789)
Accrued expenses	(800)	(13,334)	8,398
Income tax payable	6,547	(2,606)	325
Deferred subscription revenue	36,268	712	36,580
Other liabilities	(568)	(673)	(317)
Net cash provided by operating activities	266,188	234,694	189,249
Investing activities:			
Capital expenditures on property and equipment	(31,836)	(27,739)	(13,885)
Acquisitions of businesses, net of cash acquired	(334,514)		