IHS Inc.
Form 10-Q
September 22, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 31, 2014

OR

o 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)

Delaware	13-3769440
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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)

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. x Yes o 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller Reporting Company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

As of August 31, 2014, there were 68,172,435 shares of our Class A Common Stock outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “aim,” “strive,” “believe,” “project,” “predict,” “estimate,” “ex
“strategy,” “future,” “likely,” “may,” “might,” “should,” “will,” the negative of these terms, and similar references to future pe
Examples of forward-looking statements include, among others, statements we make regarding: guidance and predictions relating to expected operating results, such as revenue growth and earnings; strategic actions, including acquisitions and dispositions, anticipated benefits from strategic actions, and our success in integrating acquired businesses; anticipated levels of capital expenditures in future periods; our belief that we have sufficient liquidity to fund our ongoing business operations; expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings; and our strategy for customer retention, growth, product development, market position, financial results, and reserves.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: economic and financial conditions, including volatility in interest and exchange rates; our ability to successfully manage risks associated with changes in demand for our products and services as well as changes in our targeted industries; our ability to develop new platforms to deliver our products and services, pricing, and other competitive pressures, and changes in laws and regulations governing our business; the extent to which we are successful in gaining new long-term relationships with customers or retaining existing ones and the level of service failures that could lead customers to use competitors' services; our ability to successfully identify and integrate acquisitions into our existing businesses and manage risks associated therewith; and the other factors described under the caption “Risk Factors” in our annual report on Form 10-K for the fiscal year ended November 30, 2013, along with our other filings with the U.S. Securities and Exchange Commission (SEC).

Any forward-looking statement made by us in this quarterly report on Form 10-Q is based only on information currently available to us and speaks only as of the date of this report. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise.

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Website and Social Media Disclosure

We use our website (www.ihs.com) and corporate Twitter account (@IHS) as channels of distribution of company information. The information we post through these channels may be deemed material; therefore, investors should monitor these channels in addition to our press releases, SEC filings, and public conference calls and webcasts. None of the information provided on our website or through social media channels is incorporated into, or deemed to be a part of, this quarterly report on Form 10-Q.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
IHS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per-share amounts)

	As of August 31, 2014 (Unaudited)	As of November 30, 2013 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$261,813	$258,367
Accounts receivable, net	365,591	459,263
Deferred subscription costs	50,535	49,327
Deferred income taxes	72,843	70,818
Other	60,965	43,065
Total current assets	811,747	880,840
Non-current assets:		
Property and equipment, net	281,952	245,566
Intangible assets, net	1,100,556	1,144,464
Goodwill	3,141,342	3,065,181
Other	17,195	23,562
Total non-current assets	4,541,045	4,478,773
Total assets	$5,352,792	$5,359,613
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$218,793	$395,527
Accounts payable	47,111	57,001
Accrued compensation	86,418	89,460
Accrued royalties	27,729	36,289
Other accrued expenses	108,800	98,187
Income tax payable	35,330	9,961
Deferred revenue	613,134	560,010
Total current liabilities	1,137,315	1,246,435
Long-term debt	1,681,483	1,779,065
Accrued pension and postretirement liability	30,336	27,191
Deferred income taxes	338,336	361,267
Other liabilities	54,152	38,692
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, $0.01 par value per share, 160,000,000 shares authorized, 69,127,957 and 67,901,101 shares issued, and 68,172,435 and 67,382,298 shares outstanding at August 31, 2014 and November 30, 2013, respectively	691	679
Additional paid-in capital	915,562	788,670
Treasury stock, at cost: 955,522 and 518,803 shares at August 31, 2014 and November 30, 2013, respectively	(97,227)	(45,945)
Retained earnings	1,354,951	1,220,520
Accumulated other comprehensive loss	(62,807)	(56,961)

Total stockholders’ equity	2,111,170	1,906,963
Total liabilities and stockholders’ equity	$5,352,792	$5,359,613

See accompanying notes.

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IHS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except for per-share amounts)

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Revenue	$556,011	$480,288	$1,648,477	$1,280,956
Operating expenses:				
Cost of revenue	219,208	198,279	657,078	530,778
Selling, general and administrative	211,285	179,344	612,645	465,182
Depreciation and amortization	50,568	42,431	149,347	107,787
Restructuring charges	2,368	3,264	6,403	11,283
Acquisition-related costs	—	14,499	1,017	18,059
Net periodic pension and postretirement expense (income)	(1,328)	2,242	4,342	6,724
Other expense, net	132	803	1,440	3,733
Total operating expenses	482,233	440,862	1,432,272	1,143,546
Operating income	73,778	39,426	216,205	137,410
Interest income	251	232	737	879
Interest expense	(12,295)	(16,072)	(42,150)	(28,356)
Non-operating expense, net	(12,044)	(15,840)	(41,413)	(27,477)
Income from continuing operations before income taxes	61,734	23,586	174,792	109,933
Provision for income taxes	(15,217)	(116)	(40,361)	(18,909)
Income from continuing operations	46,517	23,470	134,431	91,024
Loss from discontinued operations, net	—	(108)	—	(101)
Net income	$46,517	$23,362	$134,431	$90,923
Basic earnings per share:				
Income from continuing operations	$0.68	$0.35	$1.97	$1.38
Loss from discontinued operations, net	$—	$—	$—	$—
Net income	$0.68	$0.35	$1.97	$1.38
Weighted average shares used in computing basic earnings per share	68,269	66,650	68,100	66,112
Diluted earnings per share:				
Income from continuing operations	$0.68	$0.35	$1.95	$1.36
Loss from discontinued operations, net	$—	$—	$—	$—
Net income	$0.68	$0.35	$1.95	$1.36
Weighted average shares used in computing diluted earnings per share	68,911	67,326	68,810	66,843

See accompanying notes.

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IHS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Net income	$46,517	$23,362	$134,431	$90,923
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on hedging activities [1]	276	314	(4,488)	875
Net pension liability adjustment [2]	(885)	—	(885)	—
Foreign currency translation adjustment	(3,557)	296	(473)	(32,792)
Total other comprehensive income (loss)	(4,166)	610	(5,846)	(31,917)
Comprehensive income	$42,351	$23,972	$128,585	$59,006

(1) Net of tax benefit (expense) of $(180); $(192); $2,929; and $(536) for the three and nine months ended August 31, 2014 and 2013, respectively.
(2) Net of tax benefit of $578 for the three and nine months ended August 31, 2014.

See accompanying notes.

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IHS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine months ended August 31, 2014	2013
Operating activities:		
Net income	$134,431	$90,923
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	149,347	107,787
Stock-based compensation expense	127,723	114,794
Impairment of assets	—	1,629
Excess tax benefit from stock-based compensation	(11,609)	(12,405)
Net periodic pension and postretirement expense	4,342	6,724
Pension and postretirement contributions	(2,080)	(12,601)
Deferred income taxes	8,337	(37,756)
Change in assets and liabilities:		
Accounts receivable, net	93,234	43,662
Other current assets	(11,490)	3,319
Accounts payable	(9,682)	(14,442)
Accrued expenses	(2,878)	(371)
Income tax payable	16,281	32,700
Deferred revenue	43,465	21,567
Other liabilities	3,029	(1,161)
Net cash provided by operating activities	542,450	344,369
Investing activities:		
Capital expenditures on property and equipment	(83,314)	(65,411)
Acquisitions of businesses, net of cash acquired	(133,938)	(1,481,288)
Intangible assets acquired	(714)	—
Change in other assets	3,846	(5,590)
Settlements of forward contracts	1,345	2,853
Net cash used in investing activities	(212,775)	(1,549,436)
Financing activities:		
Proceeds from borrowings	165,000	1,375,000
Repayment of borrowings	(439,317)	(128,648)
Payment of debt issuance costs	—	(17,360)
Excess tax benefit from stock-based compensation	11,609	12,405
Proceeds from the exercise of employee stock options	—	549
Repurchases of common stock	(51,282)	(87,512)
Net cash provided by (used in) financing activities	(313,990)	1,154,434
Foreign exchange impact on cash balance	(12,239)	(23,380)
Net increase (decrease) in cash and cash equivalents	3,446	(74,013)
Cash and cash equivalents at the beginning of the period	258,367	345,008
Cash and cash equivalents at the end of the period	$261,813	$270,995

See accompanying notes.

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IHS INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Class A Common Stock Shares Outstanding	Amount	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at November 30, 2013 (Audited)	67,382	$679	$788,670	$(45,945)	$1,220,520	$ (56,961)	$1,906,963
Stock-based award activity	790	12	115,283	(51,282)	—	—	64,013
Excess tax benefit on vested shares	—	—	11,609	—	—	—	11,609
Net income	—	—	—	—	134,431	—	134,431
Other comprehensive loss	—	—	—	—	—	(5,846)	(5,846)
Balance at August 31, 2014	68,172	$691	$915,562	$(97,227)	$1,354,951	$ (62,807)	$2,111,170

See accompanying notes.

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IHS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of IHS Inc. (IHS, we, us, or our) have been prepared on substantially the same basis as our annual consolidated financial statements and should be read in conjunction with our annual report on Form 10-K for the year ended November 30, 2013. In our opinion, these condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented, and such adjustments are of a normal, recurring nature.

Our business has seasonal aspects. Our fourth quarter typically generates our highest quarterly levels of revenue and profit. Conversely, our first quarter generally has our lowest levels of revenue and profit. We also experience event-driven seasonality in our business; for instance, IHS Energy CERAWeek, an annual energy executive gathering, is held during our second quarter. Another example is the biennial release (previously triennial release) of the Boiler Pressure Vessel Code (BPVC) engineering standard, which generates revenue for us predominantly in the third quarter of every other year. We most recently recognized a benefit in connection with the BPVC release in the third quarter of 2013.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-2, which provides guidance on the reporting of reclassifications out of accumulated other comprehensive income (AOCI). This standard became effective for us in the first quarter of 2014. Under the new guidance, an entity is required to report the effect of significant reclassifications out of AOCI on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For amounts not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other GAAP disclosures that provide additional detail about those amounts. The adoption of this standard did not have an impact on our consolidated financial statements other than the change in disclosures.

In April 2014, the FASB issued ASU 2014-08, which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. The ASU is intended to reduce the frequency of disposals reported as discontinued operations by focusing on strategic shifts that have (or will have) a major effect on an entity’s operations and financial results. The standard will be effective for us in the first quarter of our fiscal year 2016, although early adoption is permitted. We do not expect that the adoption of this ASU will have a significant impact on our consolidated financial statements other than changing the classification criteria and related disclosures for any potential future disposals.

In May 2014, the FASB issued ASU 2014-09, which establishes a comprehensive new revenue recognition model designed to depict the transfer of goods or services to a customer in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The ASU allows for the use of either the full or modified retrospective transition method, and the standard will be effective for us in the first quarter of our fiscal year 2018; early adoption is not permitted. We are currently evaluating the impact of this new standard on our consolidated financial statements, as well as which transition method we intend to use.

In August 2014, the FASB issued ASU 2014-15, which requires that management evaluate the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Disclosure is required if there is substantial doubt about the entity's ability to continue as a going concern. The standard will be effective for us in the fourth quarter of our fiscal year 2017, although early adoption is permitted. We do not expect that the adoption of this ASU will have a significant impact on our consolidated financial statements.

2. Business Combinations

During the nine months ended August 31, 2014, we completed the following acquisitions, neither of which were material either individually or in the aggregate:

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Global Trade Information Services (GTI). On August 1, 2014, we acquired GTI, a leading provider of international merchandise trade data. We acquired GTI in order to support our strategy of building integrated workflow solutions that target industry needs related to global trade.

PCI Acrylonitrile Limited (PCI Acrylonitrile). On August 28, 2014, we acquired PCI Acrylonitrile, a provider of information and analysis on the acrylonitrile propylene derivative product. We acquired PCI Acrylonitrile in order to strengthen our position in chemical market advisory services.

The total purchase price for these acquisitions was approximately $134 million, net of cash acquired. We have preliminarily allocated $57 million of the purchase price to amortizing intangible assets and $82 million to goodwill.

3. Intangible Assets

The following table presents details of our intangible assets, other than goodwill, as of August 31, 2014 and November 30, 2013 (in thousands):

	As of August 31, 2014			As of November 30, 2013		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:						
Information databases	$625,172	$(223,567)	$401,605	$633,347	$(194,904)	$438,443
Customer relationships	506,481	(108,570)	397,911	470,632	(90,827)	379,805
Developed computer software	151,517	(70,754)	80,763	159,413	(64,514)	94,899
Trademarks	167,211	(22,864)	144,347	167,179	(13,300)	153,879
Other	20,705	(8,562)	12,143	28,121	(15,076)	13,045
Total	$1,471,086	$(434,317)	$1,036,769	$1,458,692	$(378,621)	$1,080,071
Intangible assets not subject to amortization:						
Trademarks	62,545	—	62,545	63,144	—	63,144
Perpetual licenses	1,242	—	1,242	1,249	—	1,249
Total intangible assets	$1,534,873	$(434,317)	$1,100,556	$1,523,085	$(378,621)	$1,144,464

Intangible assets amortization expense was $33.2 million and $100.1 million for the three and nine months ended August 31, 2014, respectively, as compared to $29.5 million and $74.1 million for the same respective periods of 2013. The following table presents the estimated future amortization expense related to intangible assets held as of August 31, 2014 (in thousands):

Year	Amount
Remainder of 2014	$33,905
2015	$132,288
2016	$123,140
2017	$108,608
2018	$96,408
Thereafter	$542,420

Goodwill, gross intangible assets, and net intangible assets were all subject to foreign currency translation effects. Changes in our goodwill and gross intangible assets from November 30, 2013 to August 31, 2014 were primarily the result of recent acquisitions and foreign currency translation effects, partially offset by the removal of fully amortized intangible assets. The change in net intangible assets was primarily due to current year amortization, partially offset by the acquisitions made in the third quarter of 2014.

4. Debt

The following table summarizes total indebtedness as of August 31, 2014 and November 30, 2013 (in thousands):

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	August 31, 2014	November 30, 2013
Credit Facility:		
Revolver	$600,000	$770,000
Term loans	368,037	446,904
2012 term loan	250,000	250,000
2013 term loan	675,000	700,000
Capital leases	7,239	7,688
Total debt	$1,900,276	$2,174,592
Current portion	(218,793)	(395,527)
Total long-term debt	$1,681,483	$1,779,065

Credit Facility. Our Credit Facility is a syndicated bank credit agreement that consists of amortizing term loans and a $1.0 billion revolver. All borrowings under the Credit Facility are unsecured. The term loans and revolver included in the Credit Facility have a maturity date of January 2016. The interest rates for borrowings under the Credit Facility are the applicable LIBOR plus a spread of 1.00 percent to 2.25 percent, depending upon our Leverage Ratio, which is defined as the ratio of Consolidated Funded Indebtedness to rolling four-quarter Consolidated Earnings Before Interest Expense, Taxes, Depreciation and Amortization (EBITDA), as such terms are defined in the Credit Facility. A commitment fee on any unused balance is payable periodically and ranges from 0.15 percent to 0.40 percent based upon our Leverage Ratio. The Credit Facility contains certain financial and other covenants, including a maximum Leverage Ratio and a maximum Interest Coverage Ratio, as such terms are defined in the Credit Facility.

2012 term loan. During the third quarter of 2012, we entered into a $250 million interest-only term loan agreement with a maturity date of March 2015. Borrowings under this loan are unsecured. The interest rates for borrowings under this loan, as well as certain financial and other covenants, including a maximum Leverage Ratio and a maximum Interest Coverage Ratio, are consistent with our Credit Facility described above. We intend to repay this loan with additional borrowings from the Revolver; consequently, we have continued to classify this amount as long-term debt.

2013 term loan. During the third quarter of 2013, we entered into a $700 million amortizing term loan agreement to facilitate a portion of the funding for the R.L. Polk & Co. acquisition (Polk acquisition). This loan has a maturity date of July 2018, and borrowings under this loan are unsecured. The interest rates for borrowings under this loan, as well as certain financial and other covenants, including a maximum Leverage Ratio and a maximum Interest Coverage Ratio, are consistent with our Credit Facility described above.

As of August 31, 2014, we were in compliance with all of our debt covenants. Our credit agreements require a systematic reduction in our Leverage Ratio each quarter for the first year, unless we elect to trigger an increased Leverage Ratio under the terms specified in the credit agreements in connection with future acquisitions, and we are in compliance with those terms. We have classified short-term debt based on principal maturities and expected cash availability over the next 12 months. As of August 31, 2014, we had approximately $600 million of outstanding borrowings under the revolver at a current annual interest rate of 1.94 percent and approximately $1.293 billion of aggregate outstanding borrowings under our term loans at a current weighted average annual interest rate of 2.15 percent, including the effect of the interest rate swaps described in Note 5.

We also had approximately $0.7 million of outstanding letters of credit under the Credit Facility as of August 31, 2014, which reduced the available borrowing under the Credit Facility by an equivalent amount.

The carrying value of our short-term and long-term debt approximates their fair value.

5. Derivatives

Our business is exposed to various market risks, including interest rate and foreign currency risks. We utilize derivative instruments to help us manage these risks. We do not hold or issue derivatives for speculative purposes.

Interest Rate Swaps

To mitigate interest rate exposure on our outstanding Credit Facility debt, we utilize the following derivative instruments:

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- Interest rate derivative contracts that swap $100 million of floating rate debt at a 1.80 percent weighted-average fixed interest rate, plus the applicable Credit Facility spread. We entered into these swap contracts in 2011, and they expire in July 2015.

- Forward-starting interest rate derivative contracts that swap $400 million of floating rate debt at a 2.86 percent weighted-average fixed interest rate, plus the applicable Credit Facility spread. We entered into these swap contracts in November 2013 and January 2014. The contracts take effect between May 2015 and November 2015, with respective expiration dates between May 2020 and November 2020.

Because the terms of these swaps and the variable rate debt (as amended or extended over time) coincide, we do not expect any ineffectiveness. We have designated and accounted for these instruments as cash flow hedges, with changes in fair value being deferred in accumulated other comprehensive loss in our consolidated balance sheets.

Foreign Currency Forwards

To mitigate foreign currency exposure, we utilize the following derivative instruments:

- Foreign currency forward contracts that hedge the foreign currency exposure on Euro-denominated receipts in our U.S. Dollar functional entities. We utilize a rolling hedging program to mitigate a portion of this exposure. Because the critical terms of the forward contracts and the forecasted cash flows coincide, we do not expect any ineffectiveness associated with these contracts. We have designated and accounted for these derivatives as cash flow hedges, with changes in fair value being deferred in AOCI in our consolidated balance sheets. The notional amount of outstanding foreign currency forwards under these agreements as of August 31, 2014 and November 30, 2013 was approximately $15.0 million and $15.9 million, respectively.

- Short-term foreign currency forward contracts that manage market risks associated with fluctuations in balances that are denominated in currencies other than the local functional currency. We account for these forward contracts at fair value and recognize the associated realized and unrealized gains and losses in other expense (income), net, since we have not designated these contracts as hedges for accounting purposes. The following table summarizes the notional amounts of these outstanding foreign currency forward contracts as of August 31, 2014 and November 30, 2013 (in thousands):

	August 31, 2014	November 30, 2013
Notional amount of currency pair:		
Contracts to buy USD with CAD	$ 58,734	$ 142,606
Contracts to buy CAD with GBP	C$—	C$28,741
Contracts to buy USD with EUR	$ 13,401	$ 17,522
Contracts to buy CHF with USD	$ 14,373	$ 15,308
Contracts to buy GBP with EUR	£ 4,815	£ 5,866
Contracts to buy USD with GBP	£ 4,797	£ 1,863

Fair Value of Derivatives

Since our derivative instruments are not listed on an exchange, we have evaluated fair value by reference to similar transactions in active markets; consequently, we have classified all of our derivative instruments within Level 2 of the fair value measurement hierarchy. The following table shows the classification, location, and fair value of our derivative instruments as of August 31, 2014 and November 30, 2013 (in thousands):

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	Fair Value of Derivative Instruments		
	August 31, 2014	November 30, 2013	Balance Sheet Location
Assets:			
Derivatives designated as accounting hedges:			
Foreign currency forwards	$547	$8	Other current assets
Derivatives not designated as accounting hedges:			
Foreign currency forwards	418	1,548	Other current assets
Total	$965	$1,556	
Liabilities:			
Derivatives designated as accounting hedges:			
Interest rate swaps	$11,601	$3,366	Other accrued expenses
Foreign currency forwards	—	423	Other accrued expenses
Derivatives not designated as accounting hedges:			
Foreign currency forwards	291	957	Other accrued expenses
Total	$11,892	$4,746	

The net gain on foreign currency forwards that are not designated as hedging instruments for the three and nine months ended August 31, 2014 and 2013, respectively, was as follows (in thousands):

	Amount of gain recognized in the consolidated statements of operations				
	Three months ended August 31,		Nine months ended August 31,		
	2014	2013	2014	2013	Location on consolidated statements of operations
Foreign currency forwards	$392	$1,835	$1,323	$5,790	Other expense, net

The following table provides information about the cumulative amount of unrecognized hedge losses recorded in AOCI as of August 31, 2014 and November 30, 2013, as well as the activity on our cash flow hedging instruments for the three and nine months ended August 31, 2014 and 2013, respectively (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Beginning balance	$(6,963)	$(1,664)	$(2,199)	$(2,225)
Amount of gain (loss) recognized in AOCI on derivative:				
Interest rate swaps	(366)	9	(5,645)	42
Foreign currency forwards	212	67	41	152
Amount of loss (gain) reclassified from AOCI into income:				
Interest rate swaps [(1)]	239	235	713	696
Foreign currency forwards [(1)]	191	3	403	(15)
Ending balance	$(6,687)	$(1,350)	$(6,687)	$(1,350)

(1) Amounts reclassified from AOCI into income related to interest rate swaps are recorded in interest expense, and amounts reclassified from AOCI into income related to foreign currency forwards are recorded in revenue.

The unrecognized gains relating to the foreign currency forwards are expected to be reclassified into revenue within the next 12 months, and approximately $1.3 million of the unrecognized losses relating to the interest rate swaps are expected to be reclassified into interest expense within the next 12 months.

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6. Restructuring Charges

During the nine months ended August 31, 2014, we eliminated 120 positions and incurred additional direct and incremental costs related to identified operational efficiencies (including lease abandonments), continued consolidation of positions to our accounting and customer care Centers of Excellence (COE) locations, and further consolidation of our legacy data centers. We expect to continue to incur costs related to these and other similar activities in future periods, resulting in additional restructuring charges.

During the nine months ended August 31, 2014, we recorded approximately $6.4 million of restructuring charges for these activities. Of these charges, approximately $3.3 million was recorded in the Americas segment, $2.7 million was recorded in the EMEA segment, and $0.4 million was recorded in the APAC segment.

The following table provides a reconciliation of the restructuring liability as of August 31, 2014 (in thousands):

	Employee Severance and Other Termination Benefits	Contract Termination Costs	Other	Total
Balance at November 30, 2013	$2,569	$103	$23	$2,695
Add: Restructuring costs incurred	5,827	575	844	7,246
Revision to prior estimates	(1,292)	449	—	(843)
Less: Amount paid	(5,764)	(1,078)	(815)	(7,657)
Balance at August 31, 2014	$1,340	$49	$52	$1,441

As of August 31, 2014, approximately $0.7 million of the remaining restructuring liability was in the Americas segment and approximately $0.7 million was in the EMEA segment. The entire $1.4 million restructuring liability is expected to be paid within the next 12 months.

7. Acquisition-related Costs

During the nine months ended August 31, 2014, we recorded approximately $1.0 million of direct and incremental costs associated with acquisition-related activities, including severance, lease abandonments, and professional fees. Approximately $0.7 million of the total charge was recorded in the Americas segment and $0.3 million was recorded in the EMEA segment.

The following table provides a reconciliation of the acquisition-related costs accrued liability as of August 31, 2014 (in thousands):

	Employee Severance and Other Termination Benefits	Contract Termination Costs	Other	Total
Balance at November 30, 2013	$5,859	$201	$71	$6,131
Add: Costs incurred	743	515	27	1,285
Revision to prior estimates	(285)	17	—	(268)
Less: Amount paid	(5,141)	(458)	(98)	(5,697)
Balance at August 31, 2014	$1,176	$275	$—	$1,451

As of August 31, 2014, approximately $1.0 million of the remaining acquisition-related costs accrued liability was in the Americas segment and $0.5 million was in the EMEA segment. We expect that the remaining liability will be substantially paid within the next 12 months.

8. Pensions and Postretirement Benefits

Our net periodic pension expense (income) for the three and nine months ended August 31, 2014 and 2013 was comprised of the following (in thousands):

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	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Service costs incurred	$1,516	$2,606	$7,609	$7,812
Interest costs on projected benefit obligation	2,117	1,766	6,358	5,227
Expected return on plan assets	(2,088)	(1,900)	(6,312)	(5,624)
Amortization of prior service credit	(114)	(336)	(790)	(1,008)
Amortization of transitional obligation	11	—	33	—
Curtailment gain	(2,877)	—	(2,877)	—
Net periodic pension expense (income)	$(1,435)	$2,136	$4,021	$6,407

Our net periodic postretirement expense was comprised of the following for the three and nine months ended August 31, 2014 and 2013 (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Service costs incurred	$4	$6	$12	$17
Interest costs	103	100	309	300
Net periodic postretirement expense	$107	$106	$321	$317

Effective July 11, 2014, we discontinued future accruals to our U.S. Retirement Income Plan (U.S. RIP) and Supplemental Income Plan (SIP), which necessitated a remeasurement of our U.S. RIP obligation and resulted in a curtailment gain of $2.9 million that we recorded in the third quarter of 2014. In lieu of future accruals to the U.S. RIP and SIP, we will now provide an annual company non-elective contribution to the 401(k) accounts of affected eligible employees if they are active employees at the end of the calendar year.

In September 2014, we made a $10 million contribution to our U.S. RIP in order to increase plan funding and avoid certain additional variable rate premium costs.

9. Stock-based Compensation

Stock-based compensation expense for the three and nine months ended August 31, 2014 and 2013 was as follows (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Cost of revenue	$2,906	$2,649	$6,277	$5,625
Selling, general and administrative	44,821	41,584	121,446	109,169
Total stock-based compensation expense	$47,727	$44,233	$127,723	$114,794

Total income tax benefits recognized for stock-based compensation arrangements were as follows (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Income tax benefits	$14,459	$14,597	$41,842	$36,523

No stock-based compensation cost was capitalized during the three and nine months ended August 31, 2014 and 2013. As of August 31, 2014, there was $136.0 million of unrecognized stock-based compensation cost, adjusted for estimated forfeitures, related to unvested stock-based awards that will be recognized over a weighted-average period of approximately 1.5 years. Total unrecognized stock-based compensation cost will be adjusted for future changes in estimated forfeitures and changes in estimated achievement of performance goals.

Restricted Stock Units (RSUs). The following table summarizes RSU activity during the nine months ended August 31, 2014:

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	Shares	Weighted-Average Grant Date Fair Value
	(in thousands)	
Balance at November 30, 2013	3,017	$92.93
Granted	891	$114.31
Vested	(1,231)	$90.48
Forfeited	(153)	$103.27
Balance at August 31, 2014	2,524	$101.05

The total fair value of RSUs that vested during the nine months ended August 31, 2014 was $144.3 million.

10. Income Taxes

Our effective tax rate is estimated based upon the effective tax rate expected to be applicable for the full year. Our effective tax rate for the three and nine months ended August 31, 2014 was 24.6 percent and 23.1 percent, respectively, compared to 0.5 percent and 17.2 percent for the same periods of 2013. The lower tax rate in 2013 reflects the impact of discrete period items, including certain one-time expenses related to the Polk acquisition.

11. Commitments and Contingencies

From time to time, we are involved in litigation in the ordinary course of our business, including claims or contingencies that may arise related to matters occurring prior to our acquisition of businesses, such as the matter described below. At the present time, primarily because the matters are generally in early stages, we can give no assurance as to the outcome of any pending litigation to which we are currently a party and we are unable to determine the ultimate resolution of or provide a reasonable estimate of the range of possible loss attributable to these matters or the effect they may have on us. However, we do not expect the outcome of such proceedings to have a material adverse effect on our results of operations or financial condition. We have and will continue to vigorously defend ourselves against these claims.

On April 23, 2013 (prior to the Polk acquisition), our CARFAX subsidiary (“CARFAX”) was served with a complaint filed in the U.S. District Court for the Southern District of New York, purportedly on behalf of certain auto and light truck dealers. The complaint alleges, among other things that, in violation of antitrust laws, CARFAX entered into exclusive arrangements regarding the sale of CARFAX vehicle history reports with certain auto manufacturers and owners of two websites providing classified listings of used autos and light trucks. The complaint seeks three times the actual damages that a jury finds the plaintiffs have sustained, injunctive relief, costs and attorneys’ fees. On October 25, 2013, the plaintiffs served a second amended complaint with similar allegations purporting to name approximately 469 auto dealers as plaintiffs. The proceedings are in an early stage and there are significant legal and factual issues to be determined. We believe, however, that the probability that the outcome of the litigation will have a material adverse effect on our results of operations or financial condition is remote.

12. Earnings per Share

Weighted-average shares of Class A common stock outstanding for the three and nine months ended August 31, 2014 and 2013 were calculated as follows (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Weighted-average shares outstanding:				
Shares used in basic EPS calculation	68,269	66,650	68,100	66,112
Effect of dilutive securities:				
Restricted stock units	642	676	710	729

Stock options and other stock-based awards	—	—	—	2
Shares used in diluted EPS calculation	68,911	67,326	68,810	66,843

13. Accumulated Other Comprehensive Income (Loss)

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ASU 2013-2 requires disclosure of additional information about changes in AOCI balances by component, including the effect of reclassifications out of AOCI on the respective line items in net income. The following table summarizes the changes in AOCI by component (net of tax) for the nine months ended August 31, 2014 (in thousands):

	Foreign currency translation	Net pension and OPEB liability	Unrealized losses on hedging activities	Total
Balance at November 30, 2013	$(46,565)	$(8,197)	$(2,199)	$(56,961)
Other comprehensive income (loss) before reclassifications	(473)	1,329	(5,604)	(4,748)
Reclassifications from AOCI to income	—	(2,214)	1,116	(1,098)
Balance at August 31, 2014	$(47,038)	$(9,082)	$(6,687)	$(62,807)

Amounts reclassified from AOCI to income related to net pension and OPEB liability are recorded in net periodic pension and postretirement expense (income).

14. Segment Information

We prepare our financial reports and analyze our business results within our three reportable geographic segments: Americas, EMEA, and APAC. We evaluate segment performance primarily at the revenue and operating profit level for each of these three segments. We also evaluate revenues by transaction type and product category. Information about the operations of our three segments is set forth below. No single customer accounted for 10% or more of our total revenue for the three and nine months ended August 31, 2014 and 2013. There are no material inter-segment revenues for any period presented. Certain corporate transactions are not allocated to the reportable segments, including such items as stock-based compensation expense, net periodic pension and postretirement expense, corporate-level impairments, and gain (loss) on sale of corporate assets.

	Americas	EMEA	APAC	Shared Services	Consolidated Total
	(In thousands)				
Three months ended August 31, 2014					
Revenue	$363,449	$138,120	$54,442	$—	$556,011
Operating income	$90,178	$35,166	$10,587	$(62,153)	$73,778
Depreciation and amortization	$41,846	$5,057	$2,317	$1,348	$50,568
Three months ended August 31, 2013					
Revenue	$307,281	$122,247	$50,760	$—	$480,288
Operating income	$71,366	$19,788	$8,967	$(60,695)	$39,426
Depreciation and amortization	$34,368	$5,666	$558	$1,839	$42,431
Nine months ended August 31, 2014					
Revenue	$1,090,656	$403,828	$153,993	$—	$1,648,477
Operating income	$261,375	$94,226	$33,587	$(172,983)	$216,205
Depreciation and amortization	$124,414	$16,162	$3,405	$5,366	$149,347
Nine months ended August 31, 2013					
Revenue	$794,072	$344,662	$142,222	$—	$1,280,956
Operating income	$213,014	$56,259	$28,964	$(160,827)	$137,410
	$83,833	$17,057	$1,495	$5,402	$107,787

Depreciation and
amortization

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Revenue by transaction type was as follows (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Subscription revenue	$432,128	$365,025	$1,275,848	$986,675
Non-subscription revenue	123,883	115,263	372,629	294,281
Total revenue	$556,011	$480,288	$1,648,477	$1,280,956

Revenue by product category was as follows (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2014	2013	2014	2013
Resources revenue	$229,107	$218,345	$690,477	$630,541
Industrials revenue	185,267	119,149	538,336	245,997
Horizontal products revenue	141,637	142,794	419,664	404,418
Total revenue	$556,011	$480,288	$1,648,477	$1,280,956

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following Management’s Discussion and Analysis is intended to help the reader understand the financial condition and results of operations of IHS Inc. (IHS, we, us, or our). The following discussion should be read in conjunction with our annual report on Form 10-K for the year ended November 30, 2013 and the Condensed Consolidated Financial Statements and accompanying notes included in this quarterly report on Form 10-Q.

Executive Summary

Business Overview

We are a leading source of information, insight and analytics in critical areas that shape today's business landscape. Businesses and governments in more than 165 countries around the globe rely on our comprehensive content, expert independent analysis, and flexible delivery methods. Our aim is to embed our solutions within the entire spectrum of our customers’ organization, enabling executive level capital deployment strategies and following decision-making activities throughout their organizations to front-line employees tasked with managing their company’s complex core daily operations. 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 are committed to sustainable, profitable growth and employ approximately 8,000 people in 31 countries around the world.

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 stockholders. 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.

Subscriptions represented approximately 78 percent of our total revenue in the third quarter of 2014. We sell our offerings primarily through subscriptions, which tend to generate recurring revenue and cash flow for us. Our subscription agreements are typically non-cancellable and may contain provisions for minimum monthly payments. For subscription revenue, the timing of our cash flows generally precedes the recognition of revenue and income.

Our business has seasonal aspects. Our fourth quarter typically generates our highest quarterly levels of revenue and profit. Conversely, our first quarter generally has our lowest levels of revenue and profit. We also experience event-driven seasonality in our business; for instance, IHS Energy CERAWeek, an annual energy executive gathering, is held during our second quarter. Another example is the biennial release (previously triennial release) of the Boiler

Pressure Vessel Code (BPVC) engineering standard, which generates revenue for us predominantly in the third quarter of every other year. We most recently recognized a benefit in connection with the BPVC release in the third quarter of 2013.

In 2014, we are focused on the following two priorities:

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- Operational excellence. We expect to capitalize on infrastructure investments to allow our employees to do their jobs more efficiently and effectively, including engaging and supporting new and existing customers. During the first nine months of 2014, we made progress in core process and system enhancements that we believe will allow us to meet our goals.

- Commercial expansion. We expect to continue our pace of new and integrated product platform releases and offerings, and we are on track with the development and release of product platforms across the various workflows we service. We are also hiring global account executives to drive new and expanded business in key geo-markets and are re-aligning our field and inside sales forces in an effort to maximize the customer experience.

Global Operations

Approximately 40 percent of our revenue is generated outside of the United States; however, just over 20 percent 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 historically resulted in a negative impact to our revenue; conversely, a weakening U.S. dollar has historically resulted in a positive impact to 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, Canadian Dollar, and Euro.

Key Performance Indicators

We believe that revenue growth, Adjusted EBITDA (both in dollars and margin), and free cash flow are the key financial measures of our success. Adjusted EBITDA and free cash flow are financial measures that are not prepared in accordance with GAAP (non-GAAP).

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 in which we operate. 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 from continuing operations for all factors other than acquisitions and foreign currency movements. 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 or enhanced product offerings.

- Acquisitive – We define acquisitive 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. We also include the impact of divestitures in this growth metric.

- Foreign currency – We define the foreign currency impact on revenue as the difference between current revenue at current exchange rates and current revenue at the corresponding prior period exchange rates. Due to the significance of revenue transacted in foreign currencies, we measure the impact of foreign currency movements on revenue.

We also measure and report revenue by transaction type. Understanding revenue by transaction type helps us identify broad changes in product mix. We summarize our transaction type revenue into the following two categories:

- Subscription revenue represents the significant majority of our revenue, and is comprised of subscriptions to our various information offerings and software maintenance.

- Non-subscription revenue represents consulting (e.g., research and analysis, modeling, and forecasting), services, single-document product sales, software license sales and associated services, conferences and events, and advertising. Our non-subscription products and services are an important part of our business because they complement our subscription business in creating strong and comprehensive customer relationships.

Non-GAAP measures. We use non-GAAP financial measures such as EBITDA, Adjusted EBITDA, and free cash flow in our operational and financial decision-making, and believe that such measures allow us to focus on what we deem to be more reliable indicators of ongoing operating performance (Adjusted EBITDA) and our ability to generate cash flow from operations (free cash flow). We also believe that investors may find non-GAAP financial measures useful for the same reasons, although

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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 website (www.ihs.com), we provide reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures.

EBITDA and 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 Adjusted EBITDA is required by the lenders under our term loans and revolving credit 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 further excludes primarily non-cash items and other items that we do not consider to be useful in assessing our operating performance (e.g., stock-based compensation expense, restructuring charges, acquisition-related costs, asset impairment charges, gain or loss on sale of assets, pension mark-to-market and settlement expense, and income or loss from discontinued operations).

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, excluding the effects of interest income and expense moderates the impact of a company’s capital structure on its performance.

Results of Operations

Total Revenue

Third quarter 2014 revenue increased 16 percent compared to the third quarter of 2013, and our year-to-date 2014 revenue increased 29 percent compared to the same period in 2013. The table below displays the percentage change in revenue due to organic, acquisitive, and foreign currency factors when comparing the three and nine months ended August 31, 2014 to the three and nine months ended August 31, 2013.

	Increase in Total Revenue					
(All amounts represent percentage points)	Organic		Acquisitive		Foreign Currency	
Third quarter 2014 vs. third quarter 2013	3	%	11	%	1	%
Year-to-date 2014 vs. year-to-date 2013	4	%	24	%	1	%

Organic growth for the three and nine months ended August 31, 2014, compared to the same periods of 2013, was primarily attributable to subscription growth performance, with non-subscription growth adversely impacted by the biennial cycle of the BPVC standard, which was last released in the third quarter of 2013. Normalizing for the BPVC release cycle, we had positive non-subscription organic revenue growth for the three and nine months ended August 31, 2014. Total organic revenue growth after normalizing for the BPVC impact was 5 percent for both the three and nine months ended August 31, 2014.

Acquisitive revenue growth was due to the Polk acquisition in the third quarter of 2013, and foreign currency had a negligible impact on the year-over-year increase in revenue.

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Revenue by Segment

(In thousands, except percentages)	Three months ended August 31, 2014	2013	Percentage Change		Nine months ended August 31, 2014	2013	Percentage Change	
Revenue:								
Americas	$363,449	$307,281	18	%	$1,090,656	$794,072	37	%
EMEA	138,120	122,247	13	%	403,828	344,662	17	%
APAC	54,442	50,760	7	%	153,993	142,222	8	%
Total revenue	$556,011	$480,288	16	%	$1,648,477	$1,280,956	29	%

	2014		2013		2014		2013	
As a percent of total revenue:								
Americas	65	%	64	%	66	%	62	%
EMEA	25	%	25	%	24	%	27	%
APAC	10	%	11	%	9	%	11	%

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

(All amounts represent percentage points)	Increase (decrease) in revenue Third quarter 2014 vs. third quarter 2013 Organic		Acquisitive		Foreign Currency		Year-to-date 2014 vs. year-to-date 2013 Organic		Acquisitive		Foreign Currency	
Americas	2	%	17	%	—	%	4	%	34	%	(1	)%
EMEA	7	%	2	%	4	%	7	%	6	%	3	%
APAC	5	%	2	%	—	%	3	%	5	%	—	%

Americas revenue for the three and nine months ended August 31, 2014, compared to the same periods of 2013, experienced organic subscription growth at 5 percent for the three and nine months. Non-subscription organic growth was negative 9 percent for the three months and negative 1 percent for the nine months, and was adversely impacted by the biennial cycle of the BPVC release. Normalized for the BPVC impact, non-subscription organic growth was negative 2 percent for the three months and positive 1 percent for the nine months, and total organic growth was 3 percent for the three months and 4 percent for the nine months.

EMEA revenue for the three and nine months ended August 31, 2014, compared to the same periods of 2013, experienced organic subscription growth at 8 percent for the three and nine months. Non-subscription organic growth was also positive, with 3 percent growth for the three months and 6 percent growth for the nine months in spite of the BPVC release cycle in the 2013 period. Normalized for the BPVC impact, non-subscription organic growth was 8 percent for the three months and 7 percent for the nine months, and total organic growth was 8 percent for both the three and nine months. EMEA's performance is reflective of continued operating improvements, including infrastructure, sales systems and processes, and sales leadership and field sales teams.

APAC revenue for the three and nine months ended August 31, 2014, compared to the same periods of 2013, experienced organic subscription growth at 6 percent for the three and nine months. Non-subscription organic growth was mixed at 3 percent for the three months and negative 5 percent for the nine months. Normalized for the BPVC impact, non-subscription organic growth was 6 percent for the three months and negative 4 percent for the nine months, and total organic growth was 6 percent for the three months and 3 percent for the nine months.

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Revenue by Transaction Type

	Three months ended August 31,		Percent change		Nine months ended August 31,		Percent change	
(in thousands, except percentages)	2014	2013	Total	Organic	2014	2013	Total	Organic
Subscription revenue	$432,128	$365,025	18 %	6 %	$1,275,848	$986,675	29 %	6 %
Non-subscription revenue	123,883	115,263	7 %	(5)%	372,629	294,281	27 %	— %
Total revenue	$556,011	$480,288	16 %	3 %	$1,648,477	$1,280,956	29 %	4 %
As a percent of total revenue:								
Subscription	78 %	76 %			77 %	77 %		
Non-subscription	22 %	24 %			23 %	23 %		

Subscription revenue grew at 6 percent organically for the three and nine months ended August 31, 2014, compared to the same periods of 2013, with resources subscription offerings providing the largest contribution to the growth in both the three and nine months, and automotive offerings providing additional strength in the three months. Subscriptions continue to provide a stable revenue stream that generates significant cash flow. Consistent with the prior year, our subscription revenue for the three and nine months ended August 31, 2014 represents approximately 78 percent of our total revenue.

Non-subscription revenue decreased 5 percent organically during the three months and was flat during the nine months ended August 31, 2014, compared to the same periods of 2013, driven primarily by the BPVC release cycle impact. Normalized for the BPVC impact, non-subscription organic revenue growth was 1 percent for the three months and 2 percent for the nine months.

Revenue by Product Category

	Three months ended August 31,		Percent change		Nine months ended August 31,		Percent change	
(in thousands, except percentages)	2014	2013	Total	Organic	2014	2013	Total	Organic
Resources revenue	$229,107	$218,345	5 %	6 %	$690,477	$630,541	10 %	6 %
Industrials revenue	185,267	119,149	55 %	6 %	538,336	245,997	119 %	3 %
Horizontal products revenue	141,637	142,794	(1)%	(3)%	419,664	404,418	4 %	3 %
Total revenue	$556,011	$480,288	16 %	3 %	$1,648,477	$1,280,956	29 %	4 %

Resources revenue for the three and nine months ended August 31, 2014, compared to the same periods of 2013, experienced stable growth across the portfolio, benefiting from the roll-out of additional energy and chemicals content on our IHS Connect platform.

Industrials revenue for the three and nine months ended August 31, 2014, compared to the same periods of 2013, improved as a result of continued solid growth in automotive offerings associated with new product revenue synergies realized from the Polk acquisition. We saw improving growth trends in technology sales and maritime offerings, with a slight improvement in aerospace and defense as well.

Horizontal products revenue for the three and nine months ended August 31, 2014, compared to the same periods of 2013, had mixed organic growth results, primarily due to the negative impact of the BPVC release cycle in our product design space. Normalized for the BPVC impact, organic growth was 2 percent for the three months and 4 percent for the nine months.

Operating Expenses

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

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(In thousands, except percentages)	Three months ended August 31, 2014	Three months ended August 31, 2013	Percentage Change	Nine months ended August 31, 2014	Nine months ended August 31, 2013	Percentage Change
Operating expenses:						
Cost of revenue	$219,208	$198,279	11 %	$657,078	$530,778	24 %
SG&A expense	$211,285	$179,344	18 %	$612,645	$465,182	32 %
Depreciation and amortization expense	$50,568	$42,431	19 %	$149,347	$107,787	39 %
As a percent of revenue:						
Cost of revenue	39 %	41 %		40 %	41 %	
SG&A expense	38 %	37 %		37 %	36 %	
Depreciation and amortization expense	9 %	9 %		9 %	8 %	
Supplemental information:						
SG&A expense, excluding stock-based compensation	$166,464	$137,760	21 %	$491,199	$356,013	38 %
As a percent of revenue	30 %	29 %		30 %	28 %	

Cost of Revenue

For the three and nine months ended August 31, 2014, cost of revenue was slightly down as a percentage of revenue, compared to the same periods in the prior year, reflecting a continued focus on cost discipline. We continue to invest in our people, platforms, processes, and products in support of our goals to increase top- and bottom-line growth.

Selling, General and Administrative (SG&A) Expense

We evaluate our SG&A expense after excluding stock-based compensation expense. For the three and nine months ended August 31, 2014, compared to the same periods of 2013, SG&A expense as a percentage of revenue increased slightly primarily due to recent acquisitions and increased compensation expense.

For the three and nine months ended August 31, 2014, compared to the same periods of 2013, stock-based compensation expense increased as a result of an increase in the number of employees, an increase in our stock price, and the achievement or overachievement of certain company performance metrics. As a percentage of revenue, stock-based compensation decreased by one percentage point for the three and nine months ended August 31, 2014, compared to the same periods of 2013, as we are effectively managing to a targeted annual burn rate of 2 percent of outstanding shares. Please refer to Note 9 to the Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q for a discussion of stock-based compensation.

Depreciation and Amortization Expense

For the three and nine months ended August 31, 2014, compared to the same periods of 2013, depreciation and amortization expense increased in amount, but was relatively flat as a percentage of revenue. The increased expense was primarily due to an increase in depreciable and amortizable assets from capital expenditures and acquisitions, particularly the Polk acquisition.

Restructuring

Please refer to Note 6 to the Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q for a discussion of our restructuring activities. During the nine months ended August 31, 2014, we incurred approximately $6.4 million of restructuring charges for direct and incremental costs associated with identified operational efficiencies (including lease abandonments), continued consolidation of positions to our accounting and customer care Centers of Excellence (COE) locations, and further consolidation of our legacy data centers.

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During the nine months ended August 31, 2014, we eliminated 120 positions related to these activities. We expect to continue to incur costs related to these and other similar activities in future periods, resulting in additional restructuring charges.

Acquisition-related Costs

Please refer to Note 7 to the Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q for a discussion of costs associated with our integration and other acquisition-related activities. During the nine months ended August 31, 2014, we recorded approximately $1.0 million of direct and incremental costs associated with acquisition-related activities, including severance, lease abandonments, and professional fees. Because acquisitions are a key component of our growth strategy, we expect that we will continue to perform similar activities for future acquisitions.

Pension and Postretirement Expense

For the three and nine months ended August 31, 2014, compared to the same periods of 2013, net periodic pension and postretirement expense declined, primarily as a result of the pension freeze we implemented on our U.S. Retirement Income Plan (U.S. RIP) and Supplemental Income Plan (SIP). Effective July 11, 2014, we discontinued future accruals to the U.S. RIP and SIP, which necessitated a remeasurement of our U.S. RIP obligation and resulted in a curtailment gain of $2.9 million that we recorded in the third quarter of 2014. Although we will no longer record expense related to participant service accruals, we will continue to incur pension and postretirement expense related to plan administration, interest costs, and regulatory fees. In lieu of future accruals to the U.S. RIP and SIP, we will now provide an annual company non-elective contribution of 1.5% of eligible salary to the 401(k) accounts of affected eligible employees if they are active employees at the end of the calendar year.

Our pension expense and associated pension liability as calculated under GAAP requires the use of assumptions about the estimated long-term rate of return on plan assets and the discount rate. Our pension investment strategy is designed to align the majority of our pension assets with the underlying pension liability and minimize volatility caused by changes in asset returns and discount rates. Our pension expense estimates are updated to reflect actual experience through the remeasurement process in the fourth quarter, or sooner if earlier remeasurements are required, such as at June 30, 2014, when we implemented the U.S. RIP pension freeze. As a result of the June remeasurement, for the nine months ended August 31, 2014, we used a 4.9 percent expected long-term rate of return on plan assets and a 4.4 percent discount rate for the U.S. RIP; the actual return on plan assets during that period was 13.5 percent. We anticipate that the difference between actual return on plan assets and expected return on plan assets will be largely mitigated by the offsetting change in the pension liability resulting from movements in the discount rate.

Operating Income by Segment (geography)

(In thousands, except percentages)	Three months ended August 31, 2014	Three months ended August 31, 2013	Percentage Change	Nine months ended August 31, 2014	Nine months ended August 31, 2013	Percentage Change
Operating income:						
Americas	$90,178	$71,366	26 %	$261,375	$213,014	23 %
EMEA	35,166	19,788	78 %	94,226	56,259	67 %
APAC	10,587	8,967	18 %	33,587	28,964	16 %
Shared services	(62,153)	(60,695)		(172,983)	(160,827)	
Total operating income	$73,778	$39,426	87 %	$216,205	$137,410	57 %

As a percent of segment revenue:								
Americas	25	%	23	%	24	%	27	%
EMEA	25	%	16	%	23	%	16	%
APAC	19	%	18	%	22	%	20	%

For the three and nine months ended August 31, 2014, compared to the same periods of 2013, operating income as a percentage of revenue for the Americas segment was negatively impacted by amortization expense associated with intangible assets acquired in the Polk acquisition; however, the impact of the amortization on Americas operating income for the three months ended August 31, 2014 was more than offset by improved operating profit in the Americas business during that period. For the three and nine months ended August 31, 2014, compared to the same periods of 2013, the EMEA segment operating income as a percentage of revenue increased primarily because of revenue growth and prior investment in scaled infrastructure.

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For the three and nine months ended August 31, 2014, compared to the same periods of 2013, the APAC segment operating income as a percentage of revenue was largely unchanged.

Provision for Income Taxes

Our effective tax rate for the three and nine months ended August 31, 2014 was 24.6 percent and 23.1 percent, respectively, compared to 0.5 percent and 17.2 percent for the same periods of 2013. The lower tax rate in 2013 reflects the impact of discrete period items, including certain one-time expenses related to the Polk acquisition.

EBITDA and Adjusted EBITDA (non-GAAP measures)

(In thousands, except percentages)	Three months ended August 31, 2014	Three months ended August 31, 2013	Percentage Change	Nine months ended August 31, 2014	Nine months ended August 31, 2013	Percentage Change
Net income	$46,517	$23,362	99 %	$134,431	$90,923	48 %
Interest income	(251)	(232)		(737)	(879)	
Interest expense	12,295	16,072		42,150	28,356	
Provision for income taxes	15,217	116		40,361	18,909	
Depreciation	17,361	12,964		49,241	33,695	
Amortization	33,207	29,467		100,106	74,092	
EBITDA	$124,346	$81,749	52 %	$365,552	$245,096	49 %
Stock-based compensation expense	47,727	44,233		127,723	114,794	
Restructuring charges	2,368	3,264		6,403	11,283	
Acquisition-related costs	—	14,499		1,017	18,059	
Impairment of assets	—	—		—	1,629	
Loss (gain) on sale of assets	—	—		2,654	1,241	
Income from discontinued operations, net	—	108		—	101	
Adjusted EBITDA	$174,441	$143,853	21 %	$503,349	$392,203	28 %
Adjusted EBITDA as a percentage of revenue	31.4 %	30.0 %		30.5 %	30.6 %	

Our Adjusted EBITDA for the three and nine months ended August 31, 2014, compared to the same periods of 2013, increased primarily because of the realization of operating efficiencies and improved margins on the operations of our recent acquisitions.

Financial Condition

(In thousands, except percentages)	As of August 31, 2014	As of November 30, 2013	Dollar change	Percent change
Accounts receivable, net	$365,591	$459,263	$(93,672)	(20)%
Accrued compensation	$86,418	$89,460	$(3,042)	(3)%
Deferred revenue	$613,134	$560,010	$53,124	9 %

The decrease in accounts receivable is primarily due to the timing of billings and strong cash collections. We continue to experience the historical trend of seeing seasonal decreases in our accounts receivable balances in our second and third quarters, as we typically have the most subscription renewals in our first and fourth quarters. The change in accrued compensation was primarily due to the 2013 bonus payout made in the first quarter of 2014, partially offset by the current year accrual. The increase in deferred revenue was primarily due to organic revenue growth, with minor impacts from acquisitions and foreign currency effects.

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Liquidity and Capital Resources

As of August 31, 2014, we had cash and cash equivalents of $262 million, of which approximately $217 million was held by our foreign subsidiaries. Cash held by our foreign subsidiaries could be subject to U.S. federal income tax if we decided to repatriate any of that cash to the U.S. We also had approximately $1.90 billion of debt as of August 31, 2014, which has resulted in an increase in interest expense in 2014, and we expect that the increased debt will continue to result in increased interest expense for the near future. On a trailing twelve-month basis, the ratio of free cash flow to Adjusted EBITDA was approximately 87 percent. Over the longer term, we anticipate that this ratio will be in the mid-60s range, reflecting increased interest expense and an increase in our cash taxes. Because of our cash, debt, and cash flow positions, we believe we will have sufficient liquidity to meet our ongoing working capital and capital expenditure needs.

During the third quarter of 2013, we completed the Polk acquisition, which we funded with a combination of cash and stock. We funded the cash portion of the transaction consideration using cash on hand, cash from our existing revolver, and a new bank term loan. Our credit agreements require a systematic reduction in our Leverage Ratio (as defined in Note 4 to the Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q) of 25 basis points per quarter for the first year, ending at a 3.0 to 1.0 ratio effective for the quarter ending August 31, 2014 and thereafter, unless we elect to trigger an increased Leverage Ratio under the terms specified in the credit agreements in connection with future acquisitions. As of August 31, 2014, our Leverage Ratio was 2.81x compared to a maximum permitted Leverage Ratio at August 31, 2014 of 3.00x, reflecting a continued reduction in our Leverage Ratio.

In September 2014, we made a $10 million contribution to our U.S. RIP in order to increase plan funding and avoid certain additional variable rate premium costs.

Our future capital requirements will depend on many factors, including the number and magnitude of future acquisitions, the need for additional facilities or facility improvements, the timing and extent of spending to support product development efforts, information technology infrastructure investments, 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 financings; however, additional funds may not be available on terms acceptable to us. We expect that our capital expenditures for 2014 will be approximately 5 to 5.5 percent of revenue.

Cash Flows

	Nine months ended August 31,			
(In thousands, except percentages)	2014	2013	Dollar change	Percent change
Net cash provided by operating activities	$542,450	$344,369	$198,081	58 %
Net cash used in investing activities	$(212,775)	$(1,549,436)	$1,336,661	(86)%
Net cash provided by (used in) financing activities	$(313,990)	$1,154,434	$(1,468,424)	(127)%

The increase in net cash provided by operating activities was primarily due to continued business performance improvements, including strong cash collections in 2014. Part of the increase also came from decreased funding of our pension plans ($2.1 million for the nine months ended August 31, 2014, compared to $12.6 million for the same period of 2013) and additive cash flow from acquisitions (most notably from the Polk acquisition). Our subscription-based business model continues to be a cash-flow generator that is aided by positive working capital characteristics that do not generally require substantial working capital increases to support our growth.

The decrease in net cash used in investing activities was principally due to the $1.5 billion of cash used for businesses that we acquired in the first nine months of 2013, compared to $134 million of cash used for acquisitions in the first nine months of 2014.

The increase in net cash used in financing activities in 2014 was principally due to the repayment of borrowings as we reduced our debt leverage. The net cash provided by financing activities in 2013 was principally due to our increased borrowings to fund the Polk acquisition.

Free Cash Flow (non-GAAP measure)

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

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(In thousands, except percentages)	Nine months ended August 31, 2014	2013	Dollar change	Percent change
Net cash provided by operating activities	$542,450	$344,369		
Capital expenditures on property and equipment	(83,314)	(65,411)		
Free cash flow	$459,136	$278,958	$180,178	65 %

Increased free cash flow in 2014 was driven in part by significant improvement in our cash collections and working capital position. Our free cash flow has historically been positive due to the robust cash generation attributes of our business model, providing us with operational and capital structure flexibility as we de-lever the business.

Credit Facility and Other Debt

Please refer to Note 4 to the Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q for a discussion of the current status of our term loans and revolving credit agreement.

Share Repurchase Program

Please refer to Part II, Item 2 in this quarterly report on Form 10-Q for a discussion of our share repurchase programs.

Off-Balance Sheet Transactions

We have no off-balance sheet transactions.

Critical Accounting Policies

Our management makes a number of significant estimates, assumptions and judgments in the preparation of our financial statements. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our annual report on Form 10-K for fiscal year 2013 for a discussion of the estimates and judgments necessary in our accounting for revenue recognition, business combinations, goodwill and other intangible assets, income taxes, pension and postretirement benefits, and stock-based compensation.

Recent Accounting Pronouncements

Please refer to Note 1 to the Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q for a discussion of recent accounting pronouncements and their anticipated effect on our business.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

For information regarding our exposure to certain market risks, see Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” in our annual report on Form 10-K for fiscal year 2013.

Our credit facility and other term loan borrowings are subject to variable interest rates. We use interest rate swaps in order to fix a portion of our variable rate debt as part of our overall interest rate risk management strategy. As of August 31, 2014, we had approximately $1.893 billion of floating-rate debt at a 2.00 percent weighted-average interest rate, of which $100 million was subject to effective floating-to-fixed interest rate swaps. A hypothetical increase in interest rates of 100 basis points applied to our floating rate indebtedness would increase annual interest expense by approximately $17 million ($18 million without giving effect to any of our interest rate swaps).

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Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act are effective at a reasonable assurance level to ensure that information required to be disclosed in the reports required to be filed or submitted under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the period covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Please refer to Note 11 to the Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q for information about legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the risk factors associated with our business previously disclosed in Part I of our Annual Report on Form 10-K for fiscal 2013.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides detail about our share repurchases during the three months ended August 31, 2014.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in thousands) (3)
June 1 - June 31, 2014:				
Share repurchase programs (1)	—	$—	—	$4,021
Employee transactions (2)	825	$128.79	N/A	N/A
July 1 - July 31, 2014:				
Share repurchase programs (1)	—	$—	—	$4,021
Employee transactions (2)	19,966	$135.82	N/A	N/A
August 1 - August 31, 2014:				
Share repurchase programs (1)	—	$—	—	$4,021
Employee transactions (2)	10,662	$138.75	N/A	N/A
Total share repurchases	31,453	$136.63	—	

(1) In March 2011, our board of directors authorized the repurchase of up to one million common shares per fiscal year in the open market (the March 2011 Program). We may execute on this program at our discretion, balancing dilution offset with other investment opportunities of the business, including acquisitions. The March 2011 Program does not have an expiration date.

In October 2012, our board of directors authorized the repurchase of common shares with a maximum aggregate value of $100 million (the October 2012 Program). We may repurchase common shares in open market purchases or through privately negotiated transactions in compliance with Exchange Act Rule 10b-18, subject to market conditions, applicable legal requirements, and other relevant factors. The October 2012 Program does not obligate us to repurchase any dollar amount or number of common shares, and it may be suspended at any time at our discretion. The October 2012 Program does not have an expiration date.

(2) Amounts represent common shares surrendered by employees in an amount equal to the statutory tax liability associated with the vesting of their equity awards. We then pay the statutory tax on behalf of the employee. Our board of directors approved this program in 2006 in an effort to reduce the dilutive effects of employee equity grants.

(3) Amounts represent remaining dollar value of common shares that may yet be purchased under the October 2012 Program. In addition, the March 2011 Program allows us to repurchase up to one million additional common shares per fiscal year. Since no common shares were repurchased under the March 2011 Program in the nine months ended August 31, 2014, there are one million common shares that may yet be purchased under the March 2011 Program in fiscal 2014.

Item 5. Other Information

Iran Threat Reduction and Syria Human Rights Act Disclosure

Under the Iran Threat Reduction and Syrian Human Rights Act of 2012, which added Section 13(r) of the Exchange Act, we are required to include certain disclosures in our periodic reports if we or any of our affiliates knowingly engaged in certain specified activities during the period covered by the report. Disclosure is generally required even if the transactions or dealings were conducted in compliance with applicable law and regulations. During the third quarter of 2014, we acquired Global Trade Information Services, a Virginia corporation ("GTIS"). GTIS publishes the Global Trade Atlas (the "GTA"), an online trade data system offering global merchandise trade statistics such as import and export data from official sources in more than 65 countries. Included in the GTA is certain trade data sourced from Iran for which GTIS pays an annual fee of approximately $30,000. The procurement of this information is exempt from applicable economic sanctions laws and regulations as a funds transfer related to the exportation or importation of information and informational materials. Sales attributable to this Iranian trade data represented approximately $75,000 in gross revenue for GTIS in the third quarter of 2014 and would have represented approximately 0.01% of our company's third quarter 2014 consolidated revenues and gross profits. Subject to any changes in the exempt status of such activities, we intend to continue these business activities as permissible under applicable export control and economic sanctions laws and regulations.

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Item 6. Exhibits

(a) Index of Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description
10.1	Amended and Restated IHS Inc. 2004 Directors Stock Plan
10.2	Summary of Non-Employee Director Compensation
10.3	Amendment to Employment Agreement by and between IHS Inc. and Sean Menke, dated June 1, 2014
10.4	Amendment to Employment Agreement by and between IHS Inc. and Anurag Gupta, dated June 1, 2014
10.5	First Amendment to Credit Agreement by and among IHS Inc., IHS Global Inc., JPMorgan Chase Bank, N.A., Bank of America, N.A., RBS Citizens, N.A., Wells Fargo Bank, N.A., BBVA Compass, HSBC Bank USA, N.A., Royal Bank of Canada, PNC Bank, National Association, U.S. Bank National Association, TD Bank, N.A., Goldman Sachs Bank USA, The Bank of Tokyo-Mitsubishi UFJ, Ltd, Hua Nan Commercial, Ltd, New York Agency, Sumitomo Mitsui Banking Corporation and Commercial Bank, dated as of June 30, 2014
10.6	Second Amendment to Credit Agreement by and among IHS Inc., IHS Global Inc., Royal Bank of Canada, and Bank of America, N.A., dated as of June 30, 2014
10.7	Third Amendment to Credit Agreement by and among IHS Inc., certain of its subsidiaries, J.P. Morgan Chase Bank, National Association, Bank of America N.A., RBS Citizens, N.A., Wells Fargo Bank, National Association, HSBC Bank USA, National Association, U.S. Bank, National Association, TD Bank, N.A., Barclays Bank PLC, PNC Bank, National Association, Goldman Sachs Bank USA, Morgan Stanley Bank, N.A., Union Bank, N.A., Royal Bank of Canada, Hua Nan Commercial Bank, Ltd, New York and Compass Bank, dated as of June 30, 2014
31.1	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act
31.2	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act
32	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on September 22, 2014.

IHS INC.

By:	/s/ Heather Matzke-Hamlin	
	Name:	Heather Matzke-Hamlin
	Title:	Senior Vice President and Chief Accounting Officer