IHS Inc.
Form S-1/A
October 10, 2006

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As filed with the Securities and Exchange Commission on October 10, 2006

Registration No. 333-137671

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

IHS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**7370**	**13-3769440**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

15 Inverness Way East
Englewood, CO 80112
(303) 790-0600
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

STEPHEN GREEN
Senior Vice President and General Counsel
IHS Inc.
15 Inverness Way East
Englewood, CO 80112
(303) 790-0600
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

RICHARD J. SANDLER **JOSEPH A. HALL** Davis Polk & Wardwell 450 Lexington Avenue New York, New York 10017 (212) 450-4000	**ROBERT S. RISOLEO** Sullivan & Cromwell LLP 1701 Pennsylvania Avenue, N.W. Washington, D.C. 20006 (202) 956-7500

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Title of Each Class of Securities To Be Registered	Number of Shares to be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Class A common stock, par value $0.01 per share	9,660,000 Shares	$33.50	$323,610,000	$34,626
Series A junior participating preferred stock purchase rights(4)				

(1) Includes shares issuable upon exercise of the underwriters' option to purchase additional shares of Class A common stock.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, based upon the average of the high and low sale prices of the common stock reported on the NYSE on October 5, 2006.

(3) $32,100 of this amount was paid in connection with the initial filing of the registration statement on September 29, 2006. An additional $2,526 was paid on October 6, 2006.

(4) Each share of Class A common stock includes one series A junior participating preferred stock purchase right pursuant to a Rights Agreement to be entered into between the Registrant and the rights agent. The series A junior participating preferred stock purchase rights will initially trade together with the Class A common stock. The value attributable to the series A junior participating preferred stock purchase rights, if any, is reflected in the offering price of the Class A common stock.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion. Dated October 10, 2006.

8,400,000 Shares

IHS Inc.

Class A Common Stock

All of the shares of common stock in the offering are being sold by the selling stockholder identified in this prospectus. IHS will not receive any of the proceeds from the sale of the shares by the selling stockholder.

The Class A common stock is listed on the New York Stock Exchange under the symbol "IHS". The last reported sale price of the common stock on October 6, 2006 was $34.70 per share.

IHS has two classes of common stock outstanding, Class A common stock and Class B common stock. The rights of the Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock at any time at the option of the holder or automatically upon the earlier of the occurrence of specified events or November 16, 2009. After the offering, Urvanos Investments Limited will hold all of the Class B common stock and Urvanos and the selling stockholder together will hold approximately 81.6% of the voting power of IHS's outstanding capital stock (which represents approximately 42.8% of the overall economic interest).

See "Risk Factors" beginning on page 10 to read about factors you should consider before buying shares of the Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to the selling stockholder	$	$

To the extent that the underwriters sell more than 8,400,000 shares of Class A common stock, the underwriters have the option to purchase up to an additional 1,260,000 shares from the selling stockholder at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2006.

Goldman, Sachs & Co. **Citigroup**

Morgan Stanley

KeyBanc Capital Markets **Piper Jaffray**

Prospectus dated , 2006.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before deciding to invest in our Class A common stock. You should read this entire prospectus carefully, especially the risks of investing in our Class A common stock discussed under "Risk Factors" beginning on page 10. Except as otherwise noted, we present all financial and operating data on a fiscal year and fiscal quarter basis. Our fiscal years end on November 30 of each year. Unless otherwise indicated, references herein to an individual year means the fiscal year ended November 30. For example, "2005" refers to the fiscal year ended November 30, 2005.

Our Company

We are one of the leading global providers of critical technical information, decision-support tools, and related services to customers in the energy, defense, aerospace, construction, electronics, and automotive industries. We have developed a comprehensive collection of technical information that is highly relevant to the industries we serve. Our decision-support tools enable our customers to quickly and easily search and analyze this information and integrate it into their work flows. Our operational, research, and strategic advisory services combine this information and these tools with our extensive industry expertise to meet the needs of our customers. Our customers rely on these offerings to facilitate decision-making, support key processes, and improve productivity.

Our customers range from governments and large multinational corporations to smaller companies and technical professionals in more than 100 countries. We sell our offerings primarily through subscriptions and have historically experienced high renewal rates. As a result of our subscription-based business model and historically high renewal rates, we generate recurring revenue and cash flow. In 2005, we generated revenue of $476 million, net income of $42 million, and operating cash flows of $48 million. For the nine months ended August 31, 2006, we generated revenue of $403 million, net income of $42 million, and operating cash flows of $94 million.

IHS has been in business for more than 45 years and employs approximately 2,500 people around the world.

We manage our business through our Energy and Engineering operating segments:

Our Energy segment develops and delivers critical oil and gas industry data on exploration, development, production, and transportation activities to major global energy producers and oil companies. We also provide decision-support tools and operational, research, and strategic advisory services to these customers, as well as to utilities and transportation, petrochemical, coal, and power companies. For example, major global oil companies use our offerings to support a broad range of decision-making processes that identify attractive exploration investments, assess the likelihood of successful oil production projects, and develop detailed planning scenarios. In 2005 and for the nine months ended August 31, 2006, our Energy segment generated revenue of $242 million and $214 million, respectively.

Our Engineering segment provides offerings in two broad categories of products: technical standards and parts information. These products include a broad range of technical specifications and standards, regulations, parts data, design guides, and other information for customers in our targeted industries. We also have expertise in developing decision-support tools that enhance the accessibility and usability of this information. We offer targeted advisory services that are designed to maximize the utilization and integration of our information within our customers' business processes. We serve some of the largest engineering-intensive companies around the world in the defense, aerospace, construction, electronics, and automotive industries. For example, we provide some of the largest aerospace companies with desktop access to industry specifications and standards; parts, logistics, and procurement data; engineering methods; and related analytical tools. In 2005 and for the nine months ended August 31, 2006, our Engineering segment generated revenue of $234 million and $188 million, respectively.

Our Competitive Strengths

We believe we are a leader in the markets we serve as a result of the following competitive strengths.

Comprehensive collection of critical information. We have developed a comprehensive collection of current and historical technical information that is highly relevant to the industries we serve. We believe that this collection would be very difficult to replicate because it has been developed and maintained over several decades. We gather the information primarily through long-standing relationships with thousands of public and private sources and combine it with our proprietary content, our extensive industry insight, and our analysis to create what we believe is the largest collection of this type of information in the world.

Deep expertise. We develop and utilize sophisticated processes and technologies for gathering, updating, indexing, and delivering our critical information. Our hundreds of information services experts analyze, integrate, and maintain this information. We also employ specialized professionals with extensive experience in our target industries to better understand the needs of our customers and to design tools and related services that address their needs.

Trusted business partner. The combination of our critical information and industry expertise has resulted in our becoming a longstanding and trusted business partner, providing accurate and timely technical information to our customers. Many of our customers rely on us as a single-source provider of this information that, together with our decision-support tools and related services, supports their key operations and processes, facilitates strategy and decision-making, and drives growth and productivity.

Diversified and global customer base. We serve some of the world's largest corporations across multiple industries in more than 100 countries, as well as governments and other organizations. In 2005, we generated approximately 50% of our total revenue outside the United States and our largest customer generated less than 4% of our total revenue. In addition, in 2005, we had fewer than 100 customers who generated $1 million or more of revenue. We believe that our diversified and global customer base reduces the impact on our operating results of industry downturns and localized economic conditions.

Subscription-based model with high renewal rates. We sell our offerings primarily through subscriptions. As a result of this model and our historically high renewal rates, we generate recurring revenue and cash flows. We believe that our high renewal rates demonstrate that our customers rely on us for high-quality solutions that they consider critical to their business.

Experienced management team. Our management team includes information services veterans and experienced industry executives. We benefit from their thorough understanding of the information services business, deep knowledge of our target industries, and extensive relationships with content providers and existing and potential customers.

Our Growth Strategy

We intend to build on our position as one of the leading providers of critical technical information, decision-support tools and related services to customers in the industries we target by executing the following strategies.

Enhance our critical information. We will continue to augment our comprehensive collection of critical information by enhancing our data aggregation tools and processes and by further strengthening our relationships and alliances with content providers. We also plan to continue to selectively acquire databases and information services organizations in our target industries.

Further embed our offerings in customer processes. We intend to continue to work closely with our customers to more deeply embed our offerings into their workflows and business processes. We believe we can achieve this by developing new tools and services and by selectively acquiring complementary technologies and businesses that enhance our offerings. We intend to use these enhanced offerings to appeal to new customers and further penetrate our existing global customer base.

Further penetrate targeted industries. We believe we have a unique ability to develop decision- support tools and related services based on our critical information in the industries we target. We intend to further penetrate selected information-intensive industries where we already have significant presence, such as defense, aerospace, construction, and electronics, through internal growth and selective acquisitions.

Expand geographic reach. We are expanding our sales and marketing efforts in emerging markets, particularly in Asia. China, Russia and India represent significant opportunities for us as the information-intensive industries we serve have grown rapidly in these countries over the past few years. We intend to broaden our reach in these markets by tailoring our offerings with specialized local content and deploying knowledgeable sales representatives and dealers.

Leverage operating model. We derive most of our revenue from annual subscription fees, while a large portion of our costs are fixed. As a result, we believe we can improve our operating margins by generating additional revenue as we further penetrate our existing customer base and add new customers. We intend to capitalize on this model by optimizing our operational efficiencies with more standardized processes and by leveraging our infrastructure and technologies across our business.

Recent Developments

On September 21, 2006, we announced that Jerre L. Stead, our Chairman of the board of directors, was named Chief Executive Officer, replacing Charles A. Picasso who is retiring. Mr. Stead has been our Chairman of the board since December 1, 2000 and will continue to serve in that role. For more information regarding the employment and retirement-related arrangements with Messrs. Stead and Picasso, see "Management Employment Contracts, Termination of Employment and Change in Control Arrangements."

Ownership Structure

Voting and investment decisions with respect to the shares of our company have historically been made by TBG Holdings N.V. (TBG), a Netherlands-Antilles company through the shares that it holds directly and through its indirect sole ownership of our other principal stockholder, Urvanos Investments Limited, a Cyprus limited liability company. TBG had not historically held our shares directly and instead held them through its indirect sole ownership of Urvanos and Urpasis Investments Limited, a Cyprus limited liability company. On September 1, 2006, Urpasis dividended all the shares it held in our company to TBG. TBG is wholly-owned indirectly by The Thyssen-Bornemisza Continuity Trust (Trust), a Bermuda trust, which is controlled by a Bermudan trustee, Thybo Trustees Limited, and another oversight entity, Tornabuoni Limited, which is a Guernsey company.

Urpasis and Urvanos sold in a private placement an aggregate of $75 million of shares of our Class A common stock at the initial public offering price of $16.00 per share to investment entities affiliated with General Atlantic LLC. The closing of this private placement occurred simultaneously with the closing of our initial public offering on November 16, 2005. We appointed Steven A. Denning, the Chairman and a Managing Director of General Atlantic, to our board of directors in April 2005.

Our authorized capital stock consists of 80,000,000 shares of Class A common stock and 13,750,000 shares of Class B common stock. These classes have equal dividend rights and liquidation rights. However, the holders of our Class A common stock are entitled to one vote per share and holders of our Class B common stock are entitled to ten votes per share on all matters to be voted upon by the stockholders. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock and will automatically convert, without any action by the holder, upon the earlier of the occurrence of specified events or November 16, 2009.

The following diagram summarizes our current ownership structure:

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(1) TBG is indirectly wholly-owned by the Trust through a Bermuda corporation.

(2) Urvanos Investments Limited is indirectly wholly owned by TBG through a Netherlands corporation.

(3) As of September 30, 2006, Urvanos Investments Limited owned 958,859 shares of our Class A common stock and 13,750,000 shares of our Class B common stock, representing in the aggregate approximately 76% of the voting power of the then outstanding common stock (compared to 25% of the overall economic interest).

(4) As of September 30, 2006, General Atlantic owned 4,687,500 shares of our Class A common stock representing approximately 2.6% of the voting power of the then outstanding common stock (compared to 8% of the overall economic interest).

(5) As of September 30, 2006, following the distribution of all our shares held by Urpasis Investments Limited to TBG, TBG owned 18,911,391 shares of our Class A common stock representing approximately 10.4% of the voting power of the then outstanding common stock (compared to 32% of the overall economic interest).

Jerre L. Stead, our Chief Executive Officer and the Chairman of our board of directors, is also a member of the board of directors of TBG. Michael v. Staudt, a member of our board of directors, is also an executive vice president of TBG. In addition, C. Michael Armstrong, Roger Holtback and Michael Klein, all members of our board of directors, were members of the board of directors and an advisory committee of TBG prior to our initial public offering. See "Risk Factors Risks Related to the Offering We are controlled by an entity whose interests may differ from your interests; the chairman of our board serves on the board of that entity and one of our directors is one of its executive officers" and "Certain Relationships and Related Transactions Relationship with the Selling Stockholder."

4

Risk Factors

You should carefully consider the information under the heading "Risk Factors" and all other information in this prospectus before investing in our Class A common stock.

Company Information

We were incorporated in the state of Delaware in 1994. Our principal executive offices are located at 15 Inverness Way East, Englewood, Colorado 80112 and our telephone number is (303) 790-0600. We also maintain an Internet site at www.ihs.com. Our website and the information contained therein shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

The Offering

Class A common stock offered by the selling stockholder	8,400,000 shares (9,660,000 shares if the underwriters exercise in full their option to purchase additional shares)
Class A common stock to be outstanding after this offering	45,168,954 shares
Class B common stock to be outstanding after this offering	13,750,000 shares
Total common stock to be outstanding after this offering	58,918,954 shares
Voting rights:	
Class A common stock	One vote per share
Class B common stock	Ten votes per share
Conversion	Each share of our Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock shall convert automatically, without any action by the holder, upon the earlier of the occurrence of specified events or on November 16, 2009. See "Description of Capital Stock Common Stock Conversion."
Use of proceeds	We will not receive any proceeds from this offering.
New York Stock Exchange symbol	"IHS"

The outstanding share information appearing above is based on the number of shares that were issued and outstanding as of September 30, 2006. Unless we specifically state otherwise, the information in this prospectus does not reflect:

- 1.9 million shares of our Class A common stock available for issuance under the Amended and Restated IHS Inc. 2004 Long-Term Incentive Plan (including the IHS Inc. Directors Stock Plan, which is part of our long-term incentive plan) (as of the date of this prospectus, there were 99,000 options, 11,900 performance stock units and 554,412 restricted stock units outstanding under this plan);
- 1,000,000 shares of our Class A common stock available for issuance under the IHS Inc. Employee Stock Purchase Plan; and
- the exercise by the underwriters of their option to purchase additional shares of our Class A common stock in this offering.

As of September 30, 2006, we had 45,168,954 shares of Class A common stock and 13,750,000 shares of Class B common stock outstanding. The shares of Class A common stock outstanding included 1,666,391 restricted shares of Class A common stock that were not vested as of such date.

Summary Consolidated Financial Data

The following summary consolidated financial data should be read in conjunction with, and are qualified by reference to, the information set forth in "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and unaudited condensed consolidated financial statements, including the notes thereto, included in this prospectus. Results for the nine months ended August 31, 2006 are not necessarily indicative of the results expected for the fiscal year ending November 30, 2006 or any other future period.

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	**2004**	**2005**	**2005**	**2006**
				(Unaudited)	
			(In thousands)		
Statement of Operations Data:					
Revenue:					
Products	$ 311,602	$ 352,367	$ 395,830	$ 291,343	$ 334,265
Services	34,238	41,602	80,287	58,742	68,379
Total revenue	345,840	393,969	476,117	350,085	402,644
Operating expenses:					
Cost of revenue:					
Products	132,940	154,625	176,579	132,274	141,395
Services	27,783	29,812	51,593	37,724	46,956
Total cost of revenue(1)	160,723	184,437	228,172	169,998	188,351
Selling, general and administrative(1)	119,902	153,594	167,581	126,079	143,924
Depreciation and amortization	8,940	9,642	11,419	8,539	10,930
Restructuring and offering charges			13,703	12,397	2
(Gain) loss on sales of assets, net	(245)	(5,532)	(1,331)	(1,331)	53
Impairment of assets	567	1,972			
Net periodic pension and post retirement benefits	(8,558)	(5,791)	(4,091)	(2,781)	(3,212)
Earnings in unconsolidated subsidiaries	(3,196)	(437)	(129)	(78)	(180)
Other (income) expense, net	1,105	3,173	(1,059)	(481)	1,024
Total operating expenses	279,238	341,058	414,265	312,342	340,892
Operating income	66,602	52,911	61,852	37,743	61,752
Gain on sale of investment in affiliate		26,601			
Interest income	1,359	1,140	3,485	2,553	4,161
Interest expense	(1,104)	(450)	(768)	(693)	(272)
Non operating income, net	255	27,291	2,717	1,860	3,889
Income from continuing operations before income taxes and minority interests	66,857	80,202	64,569	39,603	65,641
Provision for income taxes	(24,053)	(16,644)	(20,376)	(12,498)	(21,079)
Income from continuing operations before minority interests	42,804	63,558	44,193	27,105	44,562
Minority interests	(46)	(275)	(146)	(14)	(170)
Income from continuing operations	42,758	63,283	44,047	27,091	44,392
Discontinued operations:					
Loss from discontinued operations, net	(195)	(1,969)	(2,250)	(1,652)	(1,920)

	Years Ended November 30,			Nine Months Ended August 31,	
Net income	$ 42,563	$ 61,314	$ 41,797	$ 25,439	$ 42,472
Balance Sheet Data (as of period end):					
Cash and cash equivalents	$ 24,051	$ 124,452	$ 132,365	$ 137,767	$ 161,631
Total assets	620,113	752,644	807,156	742,967	876,743
Total long term debt and capital leases	725	607	262	260	573
Total stockholders' equity	360,765	421,051	477,180	439,994	550,353
Cash Flow and Other Financial Data:					
Net cash provided by (used in):					
Operating activities	$ 60,145	$ 66,980	$ 48,290	$ 36,819	$ 94,152
Investing activities	(4,935)	34,603	(39,303)	(21,845)	(73,794)
Financing activities	(44,153)	(2,000)	(390)	(390)	7,173
EBITDA(2)	75,301	86,910	70,875	44,616	70,592
Adjusted EBITDA(2)	67,260	74,429	86,678	58,098	81,820

(1)

Includes stock-based compensation expense comprised of the following:

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	2004	2005	2005	2006
				(Unaudited)	
			(In thousands)		
Cost of revenue	$	$ 4,437	$ 551	$ 227	$ 2,558
Selling, general and administrative		17,065	4,721	3,318	9,907
Discontinued operations		303			254
	$	$ 21,805	$ 5,272	$ 3,545	$ 12,719

In November 2004, we conducted an offer to purchase the outstanding options and shares of capital stock that had been issued pursuant to stock option plans maintained by one of our subsidiaries. The offer also included the issuance of deferred stock units and restricted stock of IHS Inc. in exchange for the previously outstanding options and shares. The expense amount for the year ended November 30, 2004 includes (i) a $9.9 million one time cash charge to purchase options outstanding under these plans and to purchase shares acquired upon exercise of the options and (ii) an $11.9 million non-cash charge relating to the issuance of vested deferred stock units in connection with the offer. See Note 17 to our consolidated financial statements.

(2)

EBITDA and adjusted EBITDA are measures used by management to measure operating performance. EBITDA is defined as net income plus net interest, taxes, depreciation, and amortization. Adjusted EBITDA excludes non-cash items, gains and losses on sales of assets and investments and other items that management does not utilize in assessing our operating performance. Management believes that it is useful to eliminate these items (as well as net interest, taxes, depreciation, and amortization, as noted above) because it allows management to focus on what it deems to be a more reliable indicator of ongoing operating performance and our ability to generate cash flow from operations. As a result, internal management reports used during monthly operating reviews feature the EBITDA and adjusted EBITDA metrics. However, management uses these metrics in conjunction with traditional GAAP operating performance measures as part of its overall assessment of company performance and therefore does not place undue reliance on these measures as its only measures of operating performance.

EBITDA and adjusted EBITDA are also used by 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 credit facility.

Neither EBITDA nor adjusted EBITDA is a recognized term under GAAP and neither purports to be an alternative to net income as an indicator of operating performance or any other GAAP measure. Because not all companies use identical calculations, this presentation of EBITDA and adjusted EBITDA 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 management believes the measures provide users with valuable insight into key components of GAAP amounts. For example, a company with greater 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 reduces the impact of a company's capital structure on its performance. In addition, removing the provision for income taxes from EBITDA permits users to assess returns on a pre tax basis.

All of the items included in the reconciliation from net income to adjusted EBITDA are either (i) non-cash items (e.g., depreciation, amortization and impairment of investment in affiliate) or (ii) items that management does not consider to be useful in assessing our ongoing operating performance (e.g., income taxes, restructuring and other charges, loss from discontinued operations and gain on sale of assets). In the case of the non-cash items, management believes 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 accounting determinations such as useful life. In the case of the other items, management believes that investors can better assess our operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

EBITDA and adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use since they do not consider certain cash requirements, such as interest payments, tax payments, debt service requirements and capital expenditures.

The following is a reconciliation of EBITDA and adjusted EBITDA to net income:

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	2004	2005	2005	2006
				(Unaudited)	
			(In thousands)		
Net income	$ 42,563	$ 61,314	$ 41,797	$ 25,439	$ 42,472
Interest income	(1,359)	(1,140)	(3,485)	(2,553)	(4,161)
Interest expense	1,104	450	768	693	272
Provision for income taxes	24,053	16,644	20,376	12,498	21,079
Depreciation and amortization	8,940	9,642	11,419	8,539	10,930
EBITDA	75,301	86,910	70,875	44,616	70,592
Restructuring and offering charges			13,703	12,397	2
Stock-based compensation expense		21,502	5,272	3,545	12,465
Impairment of assets	567	1,972			
Net periodic pension and post retirement benefits	(8,558)	(5,791)	(4,091)	(2,781)	(3,212)
(Gain) loss on sales of assets, net	(245)	(5,532)	(1,331)	(1,331)	53
Gain on sale of investment in affiliate		(26,601)			
Loss from discontinued operations, net	195	1,969	2,250	1,652	1,920
Adjusted EBITDA	$ 67,260	$ 74,429	$ 86,678	$ 58,098	$ 81,820

RISK FACTORS

You should carefully consider the following risks and all of the other information set forth in this prospectus before deciding to invest in shares of our Class A common stock. If any of the events or developments described below actually occurs, our business, financial condition, and results of operations may suffer. In that case, the trading price of our Class A common stock may decline and you could lose all or part of your investment.

Risks Related to Our Business

We depend on content obtained through agreements with third parties, including Standards Development Organizations (SDOs), and the failure to maintain these agreements on commercially reasonable terms could prove harmful to our business.

A significant amount of the content that we use in our offerings is either purchased or licensed from third parties, including SDOs. Although we obtain data from over 370 SDOs, approximately 60% of the revenue generated by our Engineering segment is derived from offerings that include data that we license from 25 SDOs. We believe that the content licensed from many of these third parties, particularly the 25 SDOs referred to above, 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 compete with one another and us. As a result, we may not be able to maintain or renew these agreements at cost-effective prices, and these third parties might restrict or withdraw their content from us for competitive or other reasons. Over the last few years, some third parties, including some SDOs, have increased the royalty payments we pay them for the use of their information and may continue to do so in the future. When such royalty payments increase, our Engineering segment operating margins may decline, as they have in the past. If we are unable to maintain or renew a significant number of these agreements, particularly those we have with SDOs, or if we renew a significant number of these agreements on terms that are less favorable to us, the quality of our offerings and our business, operating results, and financial condition may be adversely affected.

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

In 2005 and in the nine months ended August 31, 2006, we derived more than 75% of our revenues from subscriptions to our offerings. These subscriptions are generally for a term of one year. Our 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.

Our growth strategy may prove unsuccessful.

Our growth strategy involves enhancing our offerings to meet our customers' needs. Our success in meeting these needs depends in large part upon our ability to deliver consistent, high-quality, and timely offerings covering issues, developments and trends that our customers view as important. In addition, we plan to grow by attracting new customers and expanding into new geographic markets. We also expect to grow by enhancing our services business, which historically has not been a part of our core business. It may take a considerable amount of time and expense to execute our growth strategy and, if we are unable to do so, our operating performance including our ability to generate additional revenues on a profitable basis, may be adversely affected.

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

We intend to continue to selectively pursue acquisitions to complement our internal growth. 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 and divert management's attention from our day-to-day operations.

Our international operations are subject to exchange rate fluctuations and other risks relating to non-U.S. operations.

In 2005, we generated approximately half of our revenues from sales outside the United States, and we expect to increase our international presence over time. Our primary operations outside the United States are in the United Kingdom, Canada, and Switzerland. Our operating profit outside the United States has historically exceeded our domestic operating profit.

We are expanding our sales and marketing efforts in certain emerging markets, such as China, Russia, and India. Expanding our business into emerging markets may present additional risks beyond those associated with more developed international markets. For example, in China and Russia, we may encounter risks associated with the ongoing transition from state business ownership to privatization. In any emerging market, we may face the risks of working in cash-based economies, dealing with inconsistent government policies, and encountering sudden currency revaluations. In addition, we have entered into agreements with companies in India as independent contractors who engage in data entry, programming, indexing, and testing. By doing so we must prepare for the risks that one or more independent contractors may perform work that deviates from our standards or that we may not be able to adequately monitor and control access to and use of our intellectual property.

In addition, there are numerous risks inherent in doing business in international markets, including:

- currency fluctuations;
- the cost and uncertainty of obtaining data and creating solutions that are relevant to particular geographic markets;
- the complexity of maintaining effective policies and procedures in locations around the world;
- the risks of divergent business expectations or difficulties in establishing joint ventures with foreign partners;
- differing levels of intellectual property protection in various jurisdictions;
- political instability and civil unrest;
- restrictions or limitations on outsourcing contracts or services abroad;
- restrictions or limitations on the repatriation of funds; and
- potentially adverse tax consequences.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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, it is not possible to prevent all unauthorized uses of these rights. 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 deter misappropriation or that we will be able to detect unauthorized uses and take timely and effective steps to remedy this unauthorized conduct. In particular, a significant portion of our revenues are derived internationally where protecting intellectual property rights is even more challenging. 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. In addition, our offerings could be less differentiated from those of our competitors, which could adversely affect the fees we are able to charge.

We rely on a network of independent contractors and dealers whose actions could have an adverse effect on our business.

We obtain some of our critical information, particularly in our Energy segment, from independent contractors. In addition, we rely on a network of dealers to sell our offerings in locations where we do not maintain a sales office or sales teams. These independent contractors and dealers are not employees of our company. As a result, we are limited in our ability to monitor and direct their activities. The loss of a significant number of these independent contractors or dealers could disrupt our information-gathering efforts or our sales, marketing and distribution activities. In addition, if any actions or business practices of these individuals or entities were found to violate our policies or procedures or were otherwise found to be inappropriate or illegal, we could be subject to litigation, regulatory sanctions, or reputation damage, any of which could adversely affect our business.

We are affected by conditions and trends in our targeted industries, which may inhibit our ability to grow or otherwise adversely affect our business.

We derive substantially all of our revenue from customers primarily in the energy, defense, aerospace, construction, electronics, and automotive industries. As a result, our business, financial condition, and results of operations depend upon conditions and trends affecting these industries generally. For example, many of our energy offerings are priced based on a customer's oil and gas production and a decline in production for any reason could reduce our revenues. In addition, while we have benefited from recent strength in the energy markets (which has supported pricing power and sales opportunities for our Energy segment), a slowdown in new investment in the exploration and production sector of the energy industry could limit our ability to grow our Energy segment. Our ability to grow will depend in part upon the growth of these industries as well as our ability to increase sales of our offerings to customers in these industries. Additionally, the trend toward consolidation, particularly among oil and gas companies, could reduce the number of our current and potential customers and could have a material adverse effect on our business. Moreover, the larger organizations resulting from consolidation could have greater bargaining power, which could adversely affect the pricing of our offerings. Factors that adversely affect revenues and cash flows in these industries, including operating results, capital requirements, regulation, and litigation, could reduce the funds available to purchase our offerings. Our failure to maintain our revenues or margins could 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 in part on the continued service of our executive officers and other key management, sales, marketing, product development, and operations personnel and on our ability to continue to attract, motivate, and retain additional highly qualified employees. 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 an adverse effect on our business, operating results, and financial condition.

Our investments in technology may not be sufficient and may not result in an increase in our revenue or decreases in our operating costs.

As the technological landscape continues to evolve, it may become increasingly difficult for us to make timely, cost-effective changes to our offerings in a manner that adequately differentiates them from those of our competitors. We cannot assure you that our investments have been or will be sufficient to maintain or improve our competitive position or that the development of new or improved technologies and products by our competitors will not have a material adverse effect on our businesses.

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

Some of our competitors focus on sub-markets within our targeted industries while others have significant financial and information-gathering resources, recognized brands, technological expertise, and market experience. Our 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.

We face competition in specific industries and with respect to specific offerings. For example, our U.S. well and production data offerings compete with offerings from P2 Energy Solutions, Inc., and DrillingInfo, Inc., in addition to smaller companies. Certain of our Energy segment's other offerings compete with products from Wood Mackenzie Ltd., Divestco Inc., and Geologic Data Systems, Inc., in addition to other specialized companies. Our Energy segment's advisory services compete with Global Decisions Group LLC and NV KEMA, in addition to other smaller consulting companies. Our Engineering segment competes against a fragmented set of companies. In our specifications and standards business, we compete with some of the SDOs, Thomson's Techstreet , United Business Media plc, and ILI Infodisk, Inc. Our parts offerings compete with products from PartMiner, Inc., Silicon Expert Technologies, and Total Parts Plus, Inc.

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. Increased competition may require us to reduce the prices of our offerings or make additional capital investments which would adversely affect our margins. If we are unable or unwilling to do so, we may lose market share in our target markets and our financial results may be adversely affected.

Most of our license agreements with SDOs are nonexclusive, which allow the SDOs to distribute their standards themselves or license them to other third parties for distribution. In addition, some of the critical information we use in our offerings is publicly available in raw form at little or no cost, and the Internet and other electronic media have simplified the process of locating, gathering and disseminating information. If users choose to obtain the critical information they need from our competitors, SDOs, or public sources, our business, financial condition, and results of operations could be adversely affected.

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

Our ability to protect our data centers against damage from interruptions or breach of information systems security, fire, power loss, sabotage, telecommunications failure, or other disasters is critical. Any delays or failures in our systems or errors in the technology that we use to store and deliver our content to customers would harm our business. The growth of our customer base may also strain our systems in the future. In addition, our products could be affected by failures of third-party technology used in our products and we could have no control over remedying these failures. Any failures or problems with our systems or decision-support tools could force us to incur significant costs to remedy the failures or problems, decrease customer demand for our products, tarnish our reputation, and harm our business.

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.

As a provider of critical information, decision-support tools, and related services and as a user of third-party content, we face potential liability for, among other things, breach of contract, negligence, and copyright and trademark infringement. Our professional reputation is an important factor in attracting and retaining our customers and in building relationships with the third parties that supply much of the critical information we use in our offerings. If customers were to become dissatisfied with the quality of our offerings, our reputation could be damaged and our business could be materially adversely affected. In addition, if the information in our offerings is incorrect for any reason, we could be subject to reputation damage or litigation.

Our offerings could infringe on the intellectual property rights of others, which may require us to engage in costly litigation and could disrupt our business.

Third parties may assert infringement or other intellectual property claims against us based on their intellectual property rights. If such claims are successful, we may have to pay substantial damages, possibly including treble damages, for past infringement. We might also be prohibited from selling our offerings or providing certain information without first obtaining a license from the third party, which, if available at all, may require us to pay additional royalties. Even if infringement claims against us are without merit, defending a lawsuit takes significant time, may be expensive, and may divert our management's attention from other business concerns.

Risks Related to the Offering

We are controlled by an entity whose interests may differ from your interests; our Chief Executive Officer and Chairman of the board serves on the board of that entity and one of our directors is one of its executive officers.

Our Class B common stock is entitled to ten votes per share, and our Class A common stock is entitled to one vote per share. As of September 30, 2006, our principal stockholders, TBG Holdings N.V. (TBG), a Netherlands-Antilles company, and Urvanos Investments Limited, a Cyprus limited liability company the indirect sole owner of which is TBG, own 100% our Class B common stock and approximately 44% of our outstanding Class A common stock. In the aggregate, this ownership represents approximately 86% of the voting power of our outstanding capital stock (compared to approximately 57% of the overall economic interest). The Class B common stock may be converted into Class A common stock at any time and will automatically be converted into Class A common stock upon the earlier of the occurrence of specified events or November 16, 2009. See "Description of Capital Stock Common Stock Conversion."

Voting and investment decisions with respect to the shares of our company have historically been made by TBG. As a result, TBG controls all matters requiring stockholder approval, including amendments to our certificate of incorporation, the election of directors, and significant corporate transactions, such as potential mergers or other sales of our company or our assets. In addition, TBG could also influence our dividend policy. TBG may have interests that conflict with yours and actions may be taken that you do not view as beneficial. Jerre L. Stead, our Chief Executive Officer and the Chairman of our board of directors, is a member of the board of directors of TBG. Michael v. Staudt, an executive vice president of TBG, is a member of our board of directors. In addition, prior to our initial public offering, C. Michael Armstrong, Roger Holtback, and Michael Klein, all members of our board of directors, were members of the board of directors and an advisory committee of TBG.

TBG is wholly-owned indirectly by The Thyssen-Bornemisza Continuity Trust (Trust), a Bermuda trust, which was created for the benefit of certain members of the Thyssen-Bornemisza family. The trustee of the Trust is Thybo Trustees Limited (Thybo), a Bermuda company. As trustee of the indirect sole stockholder of TBG, Thybo has the power to exercise significant influence over the management and affairs of TBG, including by electing or replacing TBG's board of directors. In addition, in certain circumstances, Thybo may be required to act with respect to TBG at the direction of Tornabuoni Limited (Tornabuoni), a Guernsey company, which is an oversight entity that was established at the time the Trust was created. The board of directors of Tornabuoni may only act by unanimous vote and one of its members is Georg Heinrich Thyssen-Bornemisza (a beneficiary of the Trust). Although Thybo has the power to exert influence over TBG, it has not done so in the past and is not required to do so, except in the case of fraud or as directed by Tornabuoni. In addition, while Tornabuoni has the power to direct Thybo to act with respect to TBG, Tornabuoni has not done so in the past. We have been advised by the current directors of each of Tornabuoni and Thybo that they have no intention at this time to exercise any power they may have to exert such influence with respect to TBG.

In addition, discussions are ongoing among Thybo and the beneficiaries of the Trust with a view to reorganizing the Trust in the future. It is contemplated that if such a reorganization were to take place, separate trusts for the beneficiaries would be created with the trust created for the benefit of Georg Heinrich Thyssen-Bornemisza and his immediate family becoming the sole indirect owner of TBG, which in turn would remain the sole indirect owner of Urvanos Investments Limited, which holds shares of our Class A common stock and all of our Class B common stock. The trusts created for the benefit of one or more of the other beneficiaries and their immediate families may also become owners, directly or indirectly, of the shares of Class A common stock currently held by TBG.

Should this reorganization occur, TBG would continue to have the power to exercise significant influence over our management and affairs and over all matters requiring stockholder approval in the same manner as it currently does. In addition, Georg Heinrich Thyssen-Bornemisza (who is the Chairman of the board of directors of TBG), along with the trustees of a new trust for his benefit, would have the power to exert significant influence over the management and affairs of TBG, including through electing or replacing members of the TBG board of directors. Georg Heinrich Thyssen-Bornemisza and these trustees may have interests that conflict with yours.

Under Delaware law, the directors of a corporation owe fiduciary duties to all stockholders of the corporation, not just to the controlling stockholders. In addition, a majority of our board of directors is "independent" of management, as defined by the New York Stock Exchange rules and regulations. However, in light of the significant control that Urvanos Investments Limited, the Class B stockholder, will have over all matters requiring stockholder approval (including the election of directors), no assurances can be provided that these protections will prevent actions that may be viewed as adverse to the Class A stockholders.

Shares eligible for future sale could depress the price of our shares.

Sales of substantial amounts of the Class A common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of the shares. As of September 30, 2006, we had 45,168,954 shares of Class A common stock and 13,750,000 shares of Class B common stock outstanding. As of September 30, 2006, our principal stockholders together own an aggregate of 19,870,250 shares of Class A common stock and all of the shares of Class B common stock. Our principal stockholders will be entitled to require us to register such shares under the Securities Act in some cases, subject to the lock-up agreements described below. In addition, investment entities affiliated with General Atlantic own 4,687,500 shares of Class A common stock. The sale by us, our principal stockholders, or General Atlantic of additional shares of Class A common stock in the public market, the perception that such sales might occur, or the conversion of shares of Class B common stock into Class A common stock, could have a material adverse effect on the price of our shares.

We, our principal stockholders, the General Atlantic entities, and our directors and executive officers agreed with the underwriters, subject to limited exceptions, not to sell or otherwise dispose of any shares of common stock without the prior written consent of Goldman, Sachs & Co. and Citigroup Global Markets Inc. for a period of 90 days after the date of the prospectus (or such longer period as described under "Shares Eligible for Future Sale Lock-Up Agreements"). The General Atlantic entities have also agreed with us and our principal stockholders, subject to limited exceptions, not to sell or otherwise dispose of any shares of our common stock purchased in the private placement from the principal stockholders without our prior written consent until November 2007. However, upon the expiration or waiver of the lock-up periods, a significant number of shares of our common stock could become freely tradable, which could depress the market price of our shares.

The price of our Class A 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, including:

- quarterly variations in actual or anticipated results of our operations;
- changes in financial estimates by securities analysts;
- actions or announcements by us or our competitors;
- regulatory actions;
- litigation;
- loss or gain of a major customer or content provider;
- additions or departures of key personnel; and
- future sales of our Class A common stock.

Market fluctuations could result in volatility in the price of shares of our Class A common stock, which could cause a decline in the value of your investment. In addition, if our operating results fail to meet the expectations of stock analysts or investors, we may experience an immediate and significant decline in the trading price of our Class A common stock.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable.

Certain provisions in our governing documents could make a merger, tender offer, or proxy contest involving us difficult, even if such events would be beneficial to the interests of our

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stockholders. These provisions include our dual class structure, our classified board, our supermajority voting requirements, and our adoption of a rights agreement, commonly known as a "poison pill." In addition, we are subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Accordingly, our board of directors could rely upon these or other provisions in our governing documents and upon Delaware law to prevent or delay an acquisition of us. See "Description of Capital Stock."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements under the captions "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business" and in other sections of this prospectus that are forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933. 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 comparable terminology, although not all forward-looking statements contain these identifying words. 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. Those factors include, but are not limited to, our ability to obtain content from third parties (including Standards Development Organizations) on commercially reasonable terms, changes in demand for our products and services, changes in the energy industry, our ability to develop new products and services, pricing and other competitive pressures, risks associated with the integration of acquisitions, changes in laws and regulations governing our business and the other factors discussed under the caption "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 are under no duty to update any of these forward-looking statements after the date of this prospectus to conform our prior statements to actual results or revised expectations.

USE OF PROCEEDS

The selling stockholder will receive all of the net proceeds from the sale of the shares of common stock offered hereby. We will not receive any proceeds from the offering.

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.

PRICE RANGE OF COMMON STOCK

Our Class A common stock has traded on the New York Stock Exchange under the symbol "IHS" since November 11, 2005. The following table sets forth the high and low intraday sale prices per share of our Class A common stock, as reported by the New York Stock Exchange, for the periods indicated.

	High	Low
2005		
Quarter ended November 30	$ 19.50	$ 16.65
2006		
Quarter ended February 28	$ 27.45	$ 17.10
Quarter ended May 31	$ 29.63	$ 22.75
Quarter ended August 31	$ 33.44	$ 25.00
Quarter ending November 30 (through October 6)	$ 34.99	$ 28.25

The closing sale price of our Class A common stock on October 6, 2006, as reported by the New York Stock Exchange, was $34.70. As of September 30, 2006 there were 57 holders of record of our Class A common stock.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of August 31, 2006. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included in this prospectus.

	As of August 31, 2006	
	(In millions, except share data)	
Cash and cash equivalents	$	161.6
Long-term debt(1)	$	0.6
Stockholders' equity:		
Class A common stock, $0.01 par value per share, 80,000,000 shares authorized, 45,547,210 shares issued and outstanding		0.5
Class B common stock, $0.01 par value per share, 13,750,000 shares authorized, issued and outstanding		0.1
Preferred stock, no par value, 937,500 shares authorized; no shares issued or outstanding		
Additional paid-in capital		163.1
Retained earnings		386.2
Accumulated other comprehensive income		0.5
Total stockholders' equity		550.4
Total capitalization	$	551.0

(1) In January 2005, we entered into a $125 million unsecured revolving credit agreement, which has a feature allowing us to expand the facility to a maximum of $250 million. The credit agreement expires in January 2010. As of August 31, 2006, we had no outstanding borrowings. However, we had letters of credit outstanding totaling approximately $1.5 million.

This amount does not include other long-term obligations of $46.8 million or current liabilities of $278.6 million as of August 31, 2006.

SELECTED HISTORICAL CONDENSED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and unaudited condensed consolidated financial statements, including the notes thereto, included in this prospectus. The consolidated statement of operations data for the years ended November 30, 2003, 2004, and 2005, and the consolidated balance sheet data as of November 30, 2004, and 2005, are derived from the audited consolidated financial statements included in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto. The consolidated statement of operations data for the year ended November 30, 2001 and 2002 and the balance sheet data as of November 30, 2001, 2002, and 2003, are derived from audited consolidated financial statements that are not included in this prospectus. The selected historical consolidated financial data for the nine months ended August 31, 2005 and 2006 was derived from our unaudited condensed consolidated financial statements included in this prospectus. Results for the nine months ended August 31, 2006 are not necessarily indicative of results expected for the fiscal year ending November 30, 2006 or any other future period.

In 2001 and 2002, we disposed of several non-core businesses. The combined results of these divested businesses impacted our operating income in 2001 and 2002 as set forth in footnote 1 below.

	Years Ended November 30,					Nine Months Ended August 31,	
	2001(1)	2002(1)	2003	2004	2005	2005	2006
						(Unaudited)	
	(In thousands, except per share amounts)						
Statement of Operations Data:							
Revenue	$ 431,644	$ 338,911	$ 345,840	$ 393,969	$ 476,117	$ 350,085	$ 402,644
Operating expenses:							
Cost of revenue(2)	256,278	165,168	160,723	184,437	228,172	169,998	188,351
Selling, general and administrative(2)	123,881	117,837	119,902	153,594	167,581	126,079	143,924
Depreciation and amortization(3)	30,668	9,352	8,940	9,642	11,419	8,539	10,930
Restructuring and other charges					13,703	12,397	2
(Gain) loss on sales of assets, net	(4,643)	(2,660)	(245)	(5,532)	(1,331)	(1,331)	53
Impairment of assets(4)	4,818	8,556	567	1,972			
Impairment (recovery) of investment(5)	37,841	(1,598)					
Net periodic pension and post retirement benefits(6)	(12,342)	(10,866)	(8,558)	(5,791)	(4,091)	(2,781)	(3,212)
Earnings in unconsolidated subsidiaries	(3,686)	(2,934)	(3,196)	(437)	(129)	(78)	(180)
Other (income) expense, net	1,246	(1,062)	1,105	3,173	(1,059)	(481)	1,024
Total operating expenses	434,061	281,793	279,238	341,058	414,265	312,342	340,892
Operating income	(2,417)	57,118	66,602	52,911	61,852	37,743	61,752
Impairment of investment in affiliate		(7,900)(7)					
Gain on sale of investment in affiliate				26,601(8)			
Interest income	4,532	1,043	1,359	1,140	3,485	2,553	4,161
Interest expense	(14,065)	(3,535)	(1,104)	(450)	(768)	(693)	(272)
Non operating income (expense), net	(9,533)	(10,392)	255	27,291	2,717	1,860	3,889
Income (loss) from continuing operations before income taxes, minority interests, and discontinued operations	(11,950)	46,726	66,857	80,202	64,569	39,603	65,641
Provision for income taxes	4,557	(16,775)	(24,053)	(16,644)	(20,376)	(12,498)	(21,079)
Income (loss) from continuing operations before minority interests and discontinued operations	(7,393)	29,951	42,804	63,558	44,193	27,105	44,562
Minority interests	(50)	(23)	(46)	(275)	(146)	(14)	(170)
Income (loss) from continuing operations	(7,443)	29,928	42,758	63,283	44,047	27,091	44,392
Discontinued operations(2)(9):							
Income (loss) from discontinued operations, net	(401)		(195)	(1,969)	(2,250)	(1,652)	(1,920)
Gain on sale of discontinued operations, net	10,356						
Income (loss) from discontinued operations, net	9,955		(195)	(1,969)	(2,250)	(1,652)	(1,920)
Net income (loss)	$ 2,512	$ 29,928	$ 42,563	$ 61,314	$ 41,797	$ 25,439	$ 42,472
Income (loss) from continuing operations per share:							
Basic (Class A common stock and Class B common stock)	$ (0.14)	$ 0.54	$ 0.78	$ 1.15	$ 0.80	$ 0.49	$ 0.79
	$ (0.14)	$ 0.54	$ 0.78	$ 1.15	$ 0.79	$ 0.49	$ 0.79

	Years Ended November 30,					Nine Months Ended August 31,	
Diluted (Class A common stock and Class B common stock)							
Net income (loss) per share:							
Basic (Class A common stock and Class B common stock)	$ 0.05	$ 0.54	$ 0.77	$ 1.11	$ 0.76	$ 0.46	$ 0.75
Diluted (Class A common stock and Class B common stock)	$ 0.05	$ 0.54	$ 0.77	$ 1.11	$ 0.75	$ 0.46	$ 0.75

Balance Sheet Data (as of period end):							
Cash and cash equivalents	$ 10,452	$ 11,941	$ 24,051	$ 124,452	$ 132,365	$ 137,767	$ 161,631
Total assets	600,853	581,291	620,113	752,644	807,156	742,967	876,743
Total long term debt and capital leases	(10)	44,081	725	607	262	260	573
Total stockholders' equity	272,321	304,565	360,765	421,051	477,180	439,994	550,353

(1) In 2001 and 2002, we disposed of the following non-core businesses:

In 2001, we sold our common stock investment in Extruded Metals, Inc. (Extruded), a brass rod manufacturer, to TBG. We retained our preferred stock investment in Extruded, but did not consolidate Extruded's results in our financial statements after 2001. As a result of the above, Extruded was not recorded as a discontinued operation.

In 2001 and 2002, we disposed of several other non-core critical information businesses. The disposal of these other non-core critical information businesses did not qualify for discontinued operations treatment under APB 30, *Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*, because of our continued operations in the Energy and Engineering critical information businesses.

For the five years ended November 30, 2005 and the nine months ended August 31, 2005 and 2006, the combined results of Extruded and the other non-core businesses impacted our operating income (loss) as set forth below:

	Years Ended November 30,					**Nine Months Ended August 31,**	
	2001	**2002**	**2003**	**2004**	**2005**	**2005**	**2006**
						(Unaudited)	
				(In thousands)			
Revenue	$ 105,321	$ 8,047	$	$	$	$	$
Cost of revenue	93,835	5,558					
Selling, general and administrative	10,004	5,195					
Depreciation and amortization	3,059	126					
Other (income) expense, net	(472)	(47)					
Operating income (loss)	$ (1,105)	$ (2,785)	$	$	$	$	$

(2) Includes stock-based compensation expense comprised as follows:

	Years Ended November 30,					**Nine Months Ended August 31,**	
	2001	**2002**	**2003**	**2004**	**2005**	**2005**	**2006**

	Years Ended November 30,					Nine Months Ended August 31,	
						(Unaudited)	
				(In thousands)			
Cost of revenue	$	$	$	$ 4,437	$ 551	$ 227	$ 2,558
Selling, general and administrative				17,065	4,721	3,318	9,907
Discontinued operations, net				303			254
Stock-based compensation expense	$	$	$	$ 21,805	$ 5,272	$ 3,545	$ 12,719

In November 2004, we conducted an offer to purchase the outstanding options and shares of capital stock that had been issued pursuant to stock option plans maintained by one of our subsidiaries. The offer included the issuance of deferred stock units and restricted shares of IHS Inc. in exchange for the previously outstanding options and shares. The expense amount for the year ended November 30, 2004 includes (i) a $9.9 million one-time cash charge to purchase options outstanding under these plans and to purchase shares acquired upon exercise of the options and (ii) an $11.9 million non-cash charge relating to the issuance of vested deferred stock units in connection with the offer. Of the $21.8 million total charge, $4.4 million relates to cost of revenue, $17.1 million relates to selling, general and administrative expenses and $0.3 million relates to discontinued operations. See Note 17 to our consolidated financial statements.

(3) In 2002, we adopted SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. Accordingly, we did not amortize goodwill beginning in 2002. Goodwill amortization in 2001 was $18.1 million.

(4) A $4.8 million impairment charge was recorded in 2001 primarily related to goodwill ($2.2 million) and decision support tools ($1.0 million). An $8.6 million impairment charge was recorded in 2002 related to the following: buildings held for sale ($4.6 million); miscellaneous balances within our Engineering segment's services business ($1.5 million); decision support tools within our Energy segment ($0.5 million); and a note receivable related to the divestment of Pyramid

Mouldings, Inc. ("Pyramid"), a metal products manufacturer ($2.0 million). The $0.6 million and $2.0 million impairment charges recorded in 2003 and 2004, respectively, related to decision support tools within our Energy segment.

(5) Represents our investment in a provider of online procurement services for the electronic components industry. We wrote off our remaining $37.8 million investment in this company in 2001. The investment was subsequently sold in 2002 for approximately $1.6 million, which was recorded as a recovery of investment.

(6) Net periodic pension and post-retirement benefits were comprised of the following:

	Years Ended November 30,					Nine Months Ended August 31,	
	2001	**2002**	**2003**	**2004**	**2005**	**2005**	**2006**
						(Unaudited)	
	(In thousands)						
Pension income, net	$ (15,140)	$ (14,760)	$ (12,847)	$ (10,458)	$ (6,469)	$ (4,807)	$ (2,518)
Post-retirement benefit expense (income)	2,798	3,894	4,289	4,667	2,378	2,026	(694)
Net periodic pension and post-retirement benefits	$ (12,342)	$ (10,866)	$ (8,558)	$ (5,791)	$ (4,091)	$ (2,781)	$ (3,212)

(7) Reflects the impairment of our preferred stock investment in Extruded. See "Certain Relationships and Related Transactions Investments in Related Parties."

(8) Reflects a pretax gain on the sale of our preferred stock investment in TriPoint. See "Certain Relationships and Related Transactions Investments in Related Parties."

(9) In 2001, Pyramid sold all of its assets. Pyramid's loss is stated net of tax benefit of $576 for the year ended 2001. The gain on sale in 2001 is stated net of tax of $5,576. Our discontinued operations are shown net of tax benefits of $0.1 million, $1.2 million, $1.2 million, $0.9 million and $0.8 million for the years ended November 30, 2003, 2004 and 2005 and the nine months ended August 31, 2005 and 2006, respectively.

(10) At November 30, 2001, substantially all of our outstanding debt, or approximately $115.5 million, was classified as current since it was payable within the succeeding twelve months.

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

The following discussion of our financial condition and operating results should be read in conjunction with "Selected Historical Consolidated Financial Data" and our consolidated financial statements and accompanying notes included in this prospectus.

IHS is one of the leading global providers of critical technical information, decision-support tools, and related services to customers in the energy, defense, aerospace, construction, electronics, and automotive industries. We have developed a comprehensive collection of technical information that is highly relevant to the industries we serve. Our decision-support tools enable our customers to quickly and easily search and analyze this information and integrate it into their work flows. Our operational, research, and strategic advisory services combine this information and these tools with our extensive industry expertise to meet the needs of our customers. Our customers rely on these offerings to facilitate decision-making, support key processes, and improve productivity. Our customers range from governments and large multinational corporations to smaller companies and technical professionals in more than 100 countries. We manage our business through our Energy and Engineering operating segments.

Our Energy segment develops and delivers critical oil and gas industry data on exploration, development, production, and transportation activities to major global energy producers and oil companies. We also provide decision-support tools and operational, research, and strategic advisory services to these customers, as well as to utilities and transportation, petrochemical, coal, and power companies. For example, major global oil companies use our offerings to support a broad range of decision-making processes that identify attractive exploration investments, assess the likelihood of successful oil production projects, and develop detailed planning scenarios.

Our Engineering segment provides offerings in two broad categories of products: technical standards and parts information. These products include a broad range of technical specifications and standards, regulations, parts data, design guides, and other information for customers in our targeted industries. We also have expertise in developing decision-support tools that enhance the accessibility and usability of this information. We offer targeted advisory services that are designed to maximize the utilization and integration of our information within our customers' business processes. We serve some of the largest engineering-intensive companies around the world in the defense, aerospace, construction, electronics, and automotive industries. For example, we provide some of the largest aerospace companies with desktop access to industry specifications and standards; parts, logistics, and procurement data; engineering methods; and related analytical tools.

Executive Summary

Subscription-based business model

In 2005 and in the nine months ended August 31, 2006, we derived more than 75% of our revenues from subscriptions to our offerings. As a result of our subscription-based business model and historically high renewal rates, we generate recurring revenue and cash flow. We generally recognize revenue from subscriptions (which are usually for one-year periods) ratably over the term of the subscription. However, our business does have seasonal aspects. For example, certain sales of non-deferred subscriptions occur most frequently in our first and fourth quarters. Consequently, we generally recognize a greater percentage of our revenue and income in those quarters. Also, our first quarter benefits from the inclusion of the results from CERAWeek, an annual energy executive gathering.

Subscriptions are generally paid in full within one to two months after the subscription period commences. As a result, the timing of our cash flows generally precedes the recognition of revenue and income. Due to the historical timing and alignment of our sales to correspond to certain of our customers' budget and funding cycles, our cash flow provided by operating activities tends to be higher in the first half of our fiscal year as we receive subscription payments.

We serve some of the world's largest corporations across multiple industries, as well as governments and other organizations, in more than 100 countries. We generate approximately half of our total revenue from outside the United States. Our primary operations outside the United States are in the United Kingdom, Canada, and Switzerland. Our operating profit outside the United States has historically exceeded our domestic operating profit.

Acquisitions

As part of our growth strategy, we intend to continue to augment our offerings by selectively acquiring information services organizations. In particular, we intend to further penetrate selected information-intensive industries in which we already have a significant presence, such as defense, aerospace, construction, and electronics, through internal growth and selective acquisitions.

During 2006, we made the following acquisitions:

Canadian Hydrodynamics Ltd. (CHD). During July 2006, we acquired the assets of Calgary, Canada-based CHD for approximately $3.5 million using existing cash on hand. CHD is a leading provider of comprehensive drillstem test information for the Western Canadian Sedimentary Basin. The CHD database has been available exclusively through IHS AccuMap, one of our Energy product offerings, as a partner dataset since 1995.

GeoPLUS. In June 2006, we acquired the assets of GeoPLUS of Tulsa, Oklahoma, for approximately $42.1 million using existing cash on hand. GeoPLUS has a PC-based software family, PETRA®, which is a popular platform used by oil and gas companies to analyze subsurface data from existing oil and gas wells.

Construction Research Communications Limited (CRC). Within our Engineering segment, we acquired CRC Limited, of London, U.K., during June 2006 for approximately $5.8 million, net of acquired cash, using existing cash on hand. CRC was created by the Building Research Establishment (BRE) and Emap Construct to deliver a wide range of BRE products relating to the construction industry, ranging from environmental issues to fire safety.

CDS. On December 1, 2005, we acquired the assets of a content-and-data-services (CDS) business for approximately $33.0 million that serves several of the industries targeted by our Engineering segment. The core product of this business is an extensive database that includes technical attributes and alternatives for, and obsolescence and environmental data on, electronic component parts.

We also made three acquisitions during 2005 for an aggregate purchase price of approximately $3.5 million.

During 2004, we made the following acquisitions:

CERA. We acquired the outstanding capital stock of CERA for a total purchase price of approximately $29.5 million, net of acquired cash, at the beginning of the fourth quarter of 2004. CERA provides syndicated research and strategic advisory services to energy companies.

USA Information Systems, Inc. (USA). We acquired the outstanding capital stock of USA for a total purchase price of approximately $19.4 million, net of acquired cash, in the fourth quarter of 2004. USA provides decision-support tools and, to a lesser extent, critical information to governments and government contractors.

International Petrodata Limited (IPL). We acquired the assets of IPL for a total purchase price of approximately $16.1 million in the first quarter of 2004. IPL provides critical geological information to the oil and gas exploration and production markets in Canada.

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Intermat, Inc. We acquired the assets of Intermat for a total purchase price of approximately $5.3 million in the fourth quarter of 2004. Intermat provides decision-support tools for parts management, parts cleansing and predictive obsolescence projects.

Our consolidated financial statements include the results of operations and cash flows for these acquisitions beginning on their respective dates of acquisition. See also the notes to our consolidated and unaudited condensed consolidated financial statements included elsewhere in this prospectus.

We did not make any significant acquisitions in 2003.

Revenue by offerings

Our revenue by type of offering for the periods presented is set forth below:

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	**2004**	**2005**	**2005**	**2006**
			(In thousands)		
Critical information	$ 273,310	$ 308,161	$ 339,815	$ 251,132	$ 274,408
Decision-support tools	38,292	44,206	56,015	40,211	59,857
Services	34,238	41,602	80,287	58,742	68,379
Total revenue	$ 345,840	$ 393,969	$ 476,117	$ 350,085	$ 402,644

Segments

The table below presents the split of revenue by type of offering for each of our two segments:

	Energy				Engineering			
	Years Ended November 30,			Nine Months Ended August 31,	Years Ended November 30,			Nine Months Ended August 31,
	2003	**2004**	**2005**	**2006**	**2003**	**2004**	**2005**	**2006**
Critical information	70%	65%	56%	55%	87%	90%	88%	83%
Decision-support tools	20	18	16	17	4	5	7	12
Services	10	17	28	28	9	5	5	5
Total revenue	100%	100%	100%	100%	100%	100%	100%	100%

Each of our segments' results from operations is primarily driven by organic growth and acquisitions. Organic growth is driven by several factors, including: the introduction of new offerings, periodic updates of existing offerings, the execution of our sales and marketing plans, world economic and other events, and our ability to further penetrate existing customers, generate new customers and raise prices.

Pricing information

Many of our sales are customized on an annual basis to meet individual customer needs and are based 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. In light of the customized nature of many of these offerings, pricing terms are also customized. In addition, the difficulty in contrasting price changes from period to period is exacerbated 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 from these products from period to period.

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. We generated revenue of $230.9 million outside the United States during the year ended November 30, 2005, which represented almost half of our total revenue. Our primary operations outside the United States are in the United Kingdom, Canada, and Switzerland. Our operating profit outside the United States has historically exceeded our domestic operating profit. Set forth below for the years ended November 30 is our revenue indicated by country based on the location of our subsidiary generating the revenue (which differs in some cases from the location of the customer):

	2003	2004	2005
		(In thousands)	
United States	$ 180,307	$ 196,090	$ 245,187
United Kingdom	68,541	56,404	78,660
Canada	32,798	41,747	47,812
Switzerland	30,757	61,647	64,840
Rest of world	33,437	38,081	39,618
Total revenue	$ 345,840	$ 393,969	$ 476,117

Restructuring and offering charges

During the third quarter of 2005, we executed a restructuring initiative affecting our Engineering segment and certain corporate costs. This initiative was undertaken to reduce costs, further integrate the operations of previous acquisitions, streamline our data delivery processes, and realign our marketing efforts to support our core product initiatives. During the course of the restructuring, we reduced our aggregate workforce by over 100 employees and closed two offices, one in the U.S. and one in the U.K.

A restructuring charge of approximately $8.2 million was incurred during the third quarter of 2005 and was comprised primarily of termination costs. Of this amount, we had disbursed all but approximately $0.2 million as of August 31, 2006. Approximately $2.1 million of the charge related to the accelerated vesting of restricted shares.

We also incurred $5.5 million of costs associated with our initial public offering. We were required to expense these costs since we did not issue any shares in connection with our initial public offering; rather, all shares were sold by the selling shareholders, and not by us.

Discontinued operations

During the third quarter of 2005, we classified a business in our Energy segment as being held for sale. We continually evaluate opportunities to align our business activities within our core operations. The business held for sale was a manufacturing operation, which was not part of our core operations.

During the first quarter of 2006, we revised our estimate and wrote down the value of the assets of the discontinued operation $1.0 million based on what we had experienced to date in the sales process. During the third quarter of 2006, we sold the business to an unrelated third party for approximately $0.4 million, subject to closing adjustments, and recognized a loss of less than $0.1 million on the sale of the business.

For all of the periods presented in this prospectus, the related results of operations are shown as a discontinued operation, net of tax, in our consolidated statement of operations. The related net loss from this discontinued operation was approximately $0.2 million, $2.0 million, $2.3 million, $1.7 million and $1.9 million for the years ended November 30, 2003, 2004 and 2005 and the nine months ended August 31, 2005 and 2006, respectively. Discontinuing this business is not expected to have a material impact on our future results of operations or liquidity.

Other items

Cost of operating our business. We incur our cost of revenue primarily to acquire, manage, and deliver our critical information. These costs include royalty payments to third-party information providers, as well as personnel, information technology, and occupancy costs related to these activities. Royalty payments generally vary based on subscription sales in our Engineering segment. Our cost of revenue for our services offerings is primarily comprised of personnel costs. Our selling, general, and administrative expenses primarily include wages and other personnel costs, commissions, corporate occupancy costs, and marketing costs.

A large portion of our operating expenses are fixed costs, particularly in our Energy segment which does not generally pay royalties for critical information. Within our Engineering segment, a portion of our critical information revenue is driven from the sale of specifications and standards, the content for which is obtained from SDOs. Over the last few years within this segment, certain SDOs have increased the royalty payments we pay for use of their specifications and standards information. As a result, our Engineering operating margins have declined over the last few years.

Costs of being a public company. Beginning in 2004, our selling, general, and administrative costs increased as we prepared to become a public company. We expect to continue to incur these selling, general, and administrative expenses related to operating as a public company, such as legal and accounting expenses, the cost of an investor relations function, costs related to Section 404 of the Sarbanes-Oxley Act, and director and officer insurance premiums.

We have also incurred costs to modify our long-term incentive plans to reflect more customary public company compensatory arrangements. In November 2004, we conducted an offer to purchase the outstanding options and shares of capital stock that had been issued pursuant to stock option plans maintained by one of our subsidiaries. Stock-based compensation expense for the year ended November 30, 2004 included: (i) a $9.9 million one-time cash charge to settle options under IHS Group Inc.'s 1998 and 2002 non-qualified stock option plans and to repurchase IHS Group Inc. shares previously issued upon the exercise of the options and (ii) an $11.9 million non-cash charge relating to the vested restricted stock units issued under IHS Inc.'s 2004 Long-term Incentive Plan. We also issued restricted stock for which we will record the cost over its one- to five-year vesting period. As of August 31, 2006, we had granted 2.9 million of our Class A common stock to our officers and employees in the form of performance shares, performance units, restricted shares, restricted stock units and stock options. Assuming that all of the performance measures are met, we expect stock-based compensation expense for the next quarter and three years thereafter to approximate the following:

	Three Months Ending November 30, 2006	Years Ending November 30, 2007	2008	2009
		(In thousands)		
Total projected stock-based compensation expense	$ 8,441	$ 13,665	$ 8,130	$ 3,634

The above projections do not reflect any future share grants.

Pension and post-retirement benefits. Net periodic pension and post-retirement benefits are primarily comprised of pension income and expense and post-retirement benefit expense shown on a net basis.

Net periodic pension and post-retirement benefits were comprised of the following:

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	2004	2005	2005	2006
				(Unaudited)	
			(In thousands)		
Pension income, net	$ (12,847)	$ (10,458)	$ (6,469)	$ (4,807)	$ (2,518)
Post-retirement benefit expense (income)	4,289	4,667	2,378	2,026	(694)
Net periodic pension and post-retirement benefits	$ (8,558)	$ (5,791)	$ (4,091)	$ (2,781)	$ (3,212)

On November 30, 2004, our U.S. pension plan and our post-retirement benefit plan were spun off. Previously, they were a part of a single-employer plan, which included operating companies that we did not own or consolidate, sponsored by our consolidated subsidiary. As a consequence of the spin-off of our plans, our prepaid pension asset and our accrued post-retirement benefit liability were reduced for the prepaid pension asset and accrued post-retirement benefit liability attributable to the non-IHS Inc. plans and recorded as a $6.0 million net charge to equity during the period ended November 30, 2004. Additionally, our net periodic pension and post-retirement benefit income decreased in 2005 as compared to 2004 as a result of the spin-off. The net amount of income has been declining over the last three years primarily due to the amortization of actuarial losses resulting from lower than expected asset returns from 2000 through 2002.

During the first quarter of 2006, we notified our employees of certain changes adopted by the human resources committee of our board of directors regarding our U.S. pension and post-retirement benefit plans. These changes took effect May 1, 2006. As a result of these changes, we expect our net periodic pension and post-retirement benefit income to increase during fiscal year 2006 compared to fiscal year 2005 and then decline in fiscal year 2007.

Provision for income taxes. Our effective tax rate was 36.0%, 20.8% and 31.6% in the years ended November 30, 2003, 2004, and 2005, respectively. Our effective tax rate for the nine months ended August 31, 2005 and 2006 was 31.6% and 32.1%, respectively. The effective tax rate in fiscal year 2005 included the benefit of the favorable outcome of tax audits during the period, as well as the impact of non-deductible items. The lower effective tax rate in fiscal year 2004 was principally due to two items: the recognition in the fourth quarter of the tax benefit of a dividends-received deduction on dividends from a preferred stock investment, and the tax benefit from a release of substantially all of the valuation allowance on foreign tax credits as a result of the extension of the credit carryforward period included in the American Jobs Creation Act of 2004. We expect our fiscal year 2006 effective tax rate to be slightly higher than the fiscal year 2005 rate. See Note 15 to our consolidated financial statements included elsewhere in this prospectus.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, or GAAP. To apply GAAP, we must make significant estimates that affect our reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. In many instances, we could reasonably 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 to be reasonable under the circumstances 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. In our non-standard agreements, we make judgments to determine how to appropriately account for them. These judgments generally involve assessments regarding matters such as:

- whether sufficient legally binding terms and conditions exist, and
- whether customer acceptance has been achieved.

We evaluate the binding nature of the terms and conditions of our agreements, as well as whether customer acceptance has been achieved, based on management's judgments, and as appropriate, advice from legal counsel.

Historically, our judgments have been accurate because 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.

Identifiable Intangible Assets and Goodwill

We account for our business acquisitions using the purchase method of accounting. 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, including those with respect to future cash flows, discount rates, and asset lives and therefore require considerable judgment. These determinations will affect the amount of amortization expense recognized in future periods.

We review the carrying values of identifiable intangible assets with indefinite lives and goodwill at least annually to assess impairment because these assets are not amortized. Additionally, we review the carrying value of any intangible asset or goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Examples of such events or changes in circumstances include significant negative industry or economic trends, significant changes 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. We assess impairment by comparing the fair value of an identifiable intangible asset or goodwill with its carrying value. The determination of fair value involves significant management judgment. Impairments are expensed when incurred. Specifically, we test for impairment as follows:

Identifiable intangible assets

We compare the expected undiscounted future operating cash flows associated with finite-lived assets to their respective carrying values to determine if the asset is fully recoverable. If the expected future operating cash flows are not sufficient to recover the carrying value, we estimate the fair value of the asset. Impairment is recognized when the carrying amount of the asset is not recoverable and when the carrying value exceeds fair value.

Goodwill

We test goodwill for impairment on a "reporting unit" level. A reporting unit is a group of businesses: (i) for which discrete financial information is available and (ii) that have similar economic characteristics. We test goodwill for impairment using the following two-step approach:

We first determine the fair value of each reporting unit. If the fair value of a reporting unit is less than its carrying value, this is an indicator that the goodwill assigned to that reporting unit might be impaired, which requires performance of the second step.

In the second step, we allocate the fair value of the reporting unit to the assets and liabilities of the reporting unit as if it had just been acquired in a business combination and as if the purchase price was equivalent to the fair value of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. We then compare that implied fair value of the reporting unit's goodwill to the carrying value of that goodwill. If the implied fair value is less than the carrying value we recognize an impairment loss for the excess.

We determine the fair value of our reporting units based on a combination of various techniques, including the present value of future cash flows and comparisons of the earnings multiples of peer companies.

Since the valuation of identifiable intangible assets and goodwill requires significant estimates and judgment about future performance and fair values, our future results could be affected if our current estimates of future performance and fair values change.

As previously disclosed in our 2005 Form 10-K, we tested goodwill for impairment during the fourth quarter of 2005 based on the goodwill balance as of the end of the third quarter of 2005. We concluded that no impairment existed at that time. As part of that annual process, we chose to obtain an independent appraisal in support of our view of the recoverability of goodwill for our Engineering Services reporting unit. We now plan to obtain an independent appraisal of this reporting unit relative to the performance of our annual goodwill impairment test during the fourth quarter of 2006. The Engineering Services reporting unit accounted for approximately 3% of our revenue and 5% of our goodwill balance as of the end of the third quarter of fiscal year 2006.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Significant judgment is required in determining our provision for income taxes, current tax assets and liabilities, deferred tax assets and liabilities, and our future taxable income for purposes of assessing our ability to realize future benefit from our deferred tax assets. 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.

Our accounting for income taxes requires us to exercise judgment for known issues under discussion with tax authorities and transactions yet to be settled. As a result, we maintain a tax liability for contingencies and regularly assess the adequacy of this tax liability. We record liabilities for known tax contingencies in the period when it is probable that a liability has been incurred, and adjust our tax contingencies in the period in which it is probable that the actual results will differ from our estimates.

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 Postretirement Benefits

We have defined benefit plans that cover the majority of our employees in the U.S. and the U.K. We also have postretirement welfare plans in the U.S. that provide medical benefits for retirees and eligible dependents and life insurance for certain retirees. The accounting for these plans is subject to the guidance provided in SFAS No. 87, *Employers' Accounting for Pensions*, and SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other than Pensions*. Both of these statements require that management make certain assumptions relating to the long-term rate of return on plan assets, discount rates used to measure future obligations and expenses, salary increases, inflation, health care cost trend rates and other assumptions. We believe that the accounting estimates related to our pension and postretirement plans are critical accounting estimates because they are highly susceptible to change from period to period based on market conditions.

We performed an analysis of high-yield bonds at the end of 2005 and compared the results to appropriate indices and industry trends to support the discount rates used in determining our pension liabilities in the United States and in the United Kingdom for the year ended November 30, 2005. Discount rates and expected rates of return on plan assets are selected at the end of a given fiscal year and impact expense in the subsequent year. A fifty-basis-point change in certain assumptions would have had the following effects on 2005 pension results:

	Impact to Pension Results U.S. Plan	
Change in Assumption	**Increase/(Decrease) on 2005 Pre-Tax Expense**	**Increase/(Decrease) on November 30, 2005 PBO**
	(In thousands)	
50-basis-point decrease in discount rate	$ 193	$ 13,243
50-basis-point-increase in discount rate	$ (101)	$ (11,930)
50-basis-point decrease in expected return on assets	$ 1,255	$
50-basis-point increase in expected return on assets	$ (1,255)	$

	Impact to Pension Results U.K. Plan	
Change in Assumption	**Increase/(Decrease) on 2005 Pre-Tax Expense**	**Increase/(Decrease) on November 30, 2005 PBO**
	(In thousands)	
50-basis-point decrease in discount rate	£ 212	£ 1,767
50-basis-point-increase in discount rate	£ (198)	£ (1,581)
50-basis-point decrease in expected return on assets	£ 53	£
50-basis-point increase in expected return on assets	£ (53)	£

Assumed health-care-cost-trend rates have a significant effect on the amounts reported for the retiree health-care plan. A one-percentage-point change in assumed health-care-cost-trend rates would have had the following effects:

	One percentage-point increase	One percentage-point decrease
	(In thousands)	
Effect on total of service and interest cost for the year ended November 30, 2005	$ 454	$ (357)
Effect on post-retirement benefit obligation as of November 30, 2005	4,604	(3,698)

On a consolidated basis, we had $51.5 million of unrecognized pension and post-retirement benefit losses as of November 30, 2005. These losses are primarily comprised of cumulative investment returns that are lower than these assumed investment returns and losses due to increased pension and post-retirement benefit liabilities resulting from falling interest rates. Pension income and post-retirement benefit expense includes amortization of these actuarial losses after they exceed specified thresholds. As a result of expected losses in excess of the thresholds for the foreseeable future, we anticipate net periodic pension and post-retirement benefit income will continue to decrease.

Results of Operations

Set forth below are our results of operations expressed as a percentage of revenue.

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	**2004**	**2005**	**2005**	**2006**
				(Unaudited)	
Revenue:					
Products	90%	89%	83%	83%	83%
Services	10	11	17	17	17
Total revenue	100	100	100	100	100
Operating expenses:					
Cost of revenue	46	47	48	49	47
Selling, general and administrative	35	39	35	36	36
Depreciation and amortization	3	2	2	2	3
Restructuring and offering charges			3	4	
(Gain) loss on sales of assets, net		(1)		(1)	
Net periodic pension and post-retirement benefits	(2)	(1)	(1)	(1)	(1)
Earnings in unconsolidated subsidiaries	(1)				
Other (income) expense, net		1			
Total operating expenses	81	87	87	89	85
Operating income	19	13	13	11	15
Gain on sale of investment in affiliate		7			
Interest income			1		1
Interest expense					
Non operating income (expense), net		7	1		1
Income from continuing operations before income taxes and minority interests	19	20	14	11	16
Provision for income taxes	(7)	(4)	(5)	(3)	(5)
Income from continuing operations before minority interests	12	16	9	8	11
Minority interests					
Income from continuing operations	12	16	9	8	11
Discontinued operations:					
Loss from discontinued operations, net				(1)	
Net income	12%	16%	9%	7%	11%

Set forth below is our revenue and operating income for our Energy and Engineering segments for the years ended November 30, 2003, 2004 and 2005 and the nine months ended August 31, 2005 and 2006. Certain corporate transactions are not allocated to our operating segments. Unallocated amounts include corporate-level restructuring and offering charges, stock-based compensation expense, net periodic pension and post-retirement benefits income, corporate-level impairments, and gains on sales of corporate assets.

	Years Ended November 30,			Nine Months Ended August 31,	
	2003	2004	2005	2005	2006
				(Unaudited)	
			(In thousands)		
Energy revenue	$ 156,151	$ 185,792	$ 242,312	$ 178,917	$ 214,461
Engineering revenue	189,689	208,177	233,805	171,168	188,183
Consolidated revenue	$ 345,840	$ 393,969	$ 476,117	$ 350,085	$ 402,644