

IHS Inc.
Form S-1/A
October 06, 2005

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As filed with the Securities and Exchange Commission on October 6, 2005

Registration No. 333-122565

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**AMENDMENT
NO. 6 TO
FORM S-1**

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

IHS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

7370
(Primary Standard Industrial
Classification Code Number)
15 Inverness Way East
Englewood, CO 80112
(303) 790-0600

13-3769440
(I.R.S. Employer
Identification Number)

(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)

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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.

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.

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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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

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.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated October 6, 2005.

Shares

IHS Inc.

Class A Common Stock

This is an initial public offering of shares of Class A common stock of IHS Inc. Urvanos Investments Limited and Urpasis Investments Limited, the selling stockholders, are offering _____ shares of Class A common stock of IHS. IHS will not receive any of the proceeds from the sale of the shares by the selling stockholders.

Prior to this offering, there has been no public market for the Class A common stock. It is currently estimated that the initial public offering price per share will be between \$ _____ and \$ _____. The Class A common stock has been approved for listing on the New York Stock Exchange under the symbol "IHS."

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 four years from the date of this offering. After the offering, Urvanos Investments Limited will hold all of the Class B common stock and the selling stockholders together will hold approximately _____ % of the voting power of IHS's outstanding capital stock (which represents approximately _____ % of the overall economic interest).

See "Risk Factors" beginning on page 12 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
Initial public offering price	\$ _____	\$ _____
Underwriting discount	\$ _____	\$ _____
Proceeds to the selling stockholders	\$ _____	\$ _____

To the extent that the underwriters sell more than _____ shares of Class A common stock, the underwriters have the option to purchase up to an additional _____ shares from the selling stockholders at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2005.

Goldman, Sachs & Co.

Citigroup

Morgan Stanley

UBS Investment Bank

KeyBanc Capital Markets

Piper Jaffray

Prospectus dated _____, 2005.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and provides an overview of the material aspects of this offering. 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 12. 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.

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 (including approximately one quarter of the Fortune 500 companies) 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 2004, we generated revenue of \$394 million, net income of \$61 million, and operating cash flows of \$70 million. For the nine months ended August 31, 2005, we generated revenue of \$350 million, net income of \$30 million, and cash flows from operating activities of \$39 million.

IHS has been in business for more than 45 years and employs more than 2,300 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 2004 and for the nine months ended August 31, 2005, our Energy segment generated revenue of \$186 million and \$179 million, respectively.

Our Engineering segment provides solutions incorporating technical specifications and standards, regulations, parts data, design guides, and other information to customers in its targeted industries. 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 2004 and for the nine months ended August 31, 2005, our Engineering segment generated revenue of \$208 million and \$171 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 longstanding 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. We generated approximately 50% of our total revenue outside the United States in 2004. In addition, in 2004 our largest customer generated less than 4% of our total 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.

Private Placement

The selling stockholders have agreed to sell in a private placement an aggregate of \$75 million of shares of our Class A common stock at the initial public offering price to investment entities affiliated with General Atlantic LLC. The closing of this private placement will occur simultaneously with the closing of this offering. We appointed Steven A. Denning, the Chairman and a Managing Director of General Atlantic, to our board of directors in April 2005.

Ownership Structure

Voting and investment decisions with respect to the shares of our company have historically been made by TBG Holdings NV (TBG), a Netherlands-Antilles company that is the indirect sole owner of the selling stockholders, Urpasis Investments Limited and Urvanos Investments Limited. The selling stockholders are Cyprus limited liability companies. 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. The following diagram summarizes our ownership structure following the offering and the General Atlantic private placement by the selling stockholders:

-
- (1) TBG is indirectly wholly-owned by the Trust through a Bermuda corporation.
 - (2) The selling stockholders are indirectly wholly-owned by TBG through a Netherlands corporation.
 - (3) After the General Atlantic private placement and this offering (assuming the underwriters do not exercise their option to purchase additional shares), Urvanos Investments Limited will own _____ shares of our Class A common stock, assuming an initial public offering price of \$ _____ per share of Class A common stock, the midpoint of the range set forth on the cover page of this prospectus, and 13,750,000 shares of our Class B common stock, representing in the aggregate approximately _____ % of the voting power of the outstanding common stock (compared to _____ % of the overall economic interest).
 - (4) After the General Atlantic private placement, General Atlantic will own _____ shares of our Class A common stock, assuming an initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus, representing approximately _____ % of the voting power of the outstanding common stock (compared to _____ % of the overall economic interest).
 - (5) After the General Atlantic private placement and this offering (assuming the underwriters do not exercise their option to purchase additional shares), Urpasis Investments Limited will own _____ shares of our Class A common stock, assuming an initial public offering price of \$ _____ per share of Class A common stock, the midpoint of the range set forth on the cover page of this prospectus, representing approximately _____ % of the voting power of the outstanding common stock (compared to _____ % of the overall economic interest).

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In November 2004, TBG completed a reorganization, which resulted in our current ownership structure. Prior to these transactions, all of our common stock was owned by Holland America Investment Corporation (HAIC U.S.), an indirect wholly-owned subsidiary of TBG. In the reorganization, HAIC U.S. contributed substantially all of its assets to us in exchange for our new common stock and subsequently liquidated and distributed this common stock to the selling stockholders. In connection with these transactions and in contemplation of this offering, our capitalization was changed to authorize 80,000,000 shares of Class A common stock, 13,750,000 shares of Class B common stock and 1,000 shares of Class C common stock. See Note 19 to our consolidated financial statements. The Class C common stock will no longer be authorized after this offering.

Jerre L. Stead, 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 this 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 Selling Stockholders and TBG."

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 stockholders	shares (shares if the underwriters exercise in full their option to purchase additional shares)
Total Class A common stock offered	shares (shares if the underwriters exercise in full their option to purchase additional shares)
Class A common stock to be outstanding after this offering	shares
Class B common stock to be outstanding after this offering	shares
Total common stock to be outstanding after this offering	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 four years from the date of this offering. See "Description of Capital Stock Common Stock Conversion."
Use of proceeds	We will not receive any proceeds from the sale of shares of Class A common stock by the selling stockholders in this offering or in the General Atlantic private placement.
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 August 31, 2005. Unless we specifically state otherwise, the information in this prospectus does not reflect:

1,271,220 shares of our Class A common stock underlying deferred stock units outstanding on August 31, 2005. The deferred stock units were granted on December 23, 2004. Each deferred stock unit represents the vested right to receive one share of Class A common stock on a specified date. These deferred stock units were granted in connection with the offers of our subsidiary, IHS Group Inc., on November 22, 2004 to exchange compensatory stock options and shares acquired upon the exercise of such options for cash and deferred stock units (see "Management Equity Compensation Plans Offer to Exchange Options and Shares Held by Directors and Certain Employees");

788,650 shares of our Class A common stock to be granted to our officers and employees as of the completion of the offering in the form of performance shares, performance unit awards, restricted shares or restricted stock unit awards (see "Management Equity Compensation Plans Amended and Restated IHS Inc. 2004 Long-Term Incentive Plan");

2,830,564 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

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Plan, which is part of our long-term incentive plan) (as of the date of this prospectus, there were no options 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. We anticipate that the first purchase period will begin on December 1, 2005, with a purchase price equal to 100% of the fair market value of the shares on the last day of the purchase period, and that shares to fulfill our obligations for that purchase period will be purchased in the open market; and

the exercise by the underwriters of their option to purchase additional shares of our Class A common stock from the selling stockholders in this offering.

As of August 31, 2005, we had 43,319,306 shares of Class A common stock and 13,750,000 shares of Class B common stock outstanding. The 43,319,306 shares of Class A common stock outstanding included 1,919,766 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, 2005 are not necessarily indicative of the results expected for the fiscal year ended November 30, 2005 or any other future period.

	Years Ended November 30,			Nine Months Ended August 31,	
	2002(1)	2003	2004	2004	2005
(In thousands)					
Statement of Operations Data:					
Revenue:					
Products	\$ 304,575	\$ 311,602	\$ 352,367	\$ 252,116	\$ 291,343
Services	34,336	34,238	41,602	23,413	58,742
Total revenue	338,911	345,840	393,969	275,529	350,085
Operating expenses:					
Cost of revenue:					
Products	139,592	132,940	150,357	106,574	132,056
Services	25,576	27,783	29,643	18,767	37,715
Compensation expense related to equity awards(2)			4,437		227
Total cost of revenue	165,168	160,723	184,437	125,341	169,998
Selling, general and administrative	117,837	119,902	136,529	97,511	122,761
Depreciation and amortization	9,352	8,940	9,642	6,734	8,539
Restructuring charge					8,277
Compensation expense related to equity awards(2)			17,065		3,318
Gain on sales of assets, net	(2,660)	(245)	(5,532)	(5,035)	(1,331)
Impairment of assets	8,556	567	1,972		
Recovery of investment	(1,598)				
Net periodic pension and post-retirement benefits	(10,866)	(8,558)	(5,791)	(4,344)	(2,781)
Earnings in unconsolidated subsidiaries	(2,934)	(3,196)	(437)	(394)	(78)
Other expense (income), net	(1,062)	1,105	3,173	3,375	(481)
Total operating expenses	281,793	279,238	341,058	223,188	308,222
Operating income	57,118	66,602	52,911	52,341	41,863
Impairment of investment in affiliate	(7,900)				
Gain on sale of investment in affiliate			26,601		
Interest income	1,043	1,359	1,140	586	2,553
Interest expense	(3,535)	(1,104)	(450)	(254)	(693)
Non-operating income (expense), net	(10,392)	255	27,291	332	1,860
Income from continuing operations before income taxes and minority interests					
	46,726	66,857	80,202	52,673	43,723
Provision for income taxes	(16,775)	(24,053)	(16,644)	(17,187)	(12,498)
Income from continuing operations before minority interests					
	29,951	42,804	63,558	35,486	31,225
Minority interests	(23)	(46)	(275)	(54)	(14)

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	Years Ended November 30,			Nine Months Ended August 31,	
Income from continuing operations	29,928	42,758	63,283	35,432	31,211
Discontinued operations:					
Loss from discontinued operations, net		(195)	(1,969)	(1,049)	(1,652)
Net income	\$ 29,928	\$ 42,563	\$ 61,314	\$ 34,383	\$ 29,559

Balance Sheet Data (as of period end):

Cash and cash equivalents	\$ 11,941	\$ 24,051	\$ 124,452	\$ 68,837	\$ 137,767
Total assets	581,291	620,113	752,644	646,940	747,087
Total long-term debt and capital leases	44,081	725	607	585	260
Total stockholders' equity	304,565	360,765	421,051	396,880	444,114

Cash Flow and Other Financial Data:

Net cash provided by (used in):					
Operating activities	\$ 74,735	\$ 60,387	\$ 70,133	\$ 53,157	\$ 38,746
Investing activities	(2,659)	(3,843)	34,728	(6,003)	(21,824)
Financing activities	(71,265)	(44,153)	2,000	(140)	(390)
EBITDA(3)	58,547	75,301	86,910	57,972	48,736
Adjusted EBITDA(3)	59,879	67,260	74,429	49,642	58,098

(3)

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

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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 are recognized terms under GAAP and do not purport 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 on-going operating performance (*e.g.*, income taxes, restructuring charge, 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. For example, our net gains on sales of assets and our gain on sale of investment in affiliate during the 2002 to 2004 period relate to sales of specific non-core assets.

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.

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

	Years Ended November 30,			Nine Months Ended August 31,	
	2002	2003	2004	2004	2005
	(Unaudited)				
	(In thousands)				
Net income	\$ 29,928	\$ 42,563	\$ 61,314	\$ 34,383	\$ 29,559
Interest income	(1,043)	(1,359)	(1,140)	(586)	(2,553)
Interest expense	3,535	1,104	450	254	693
Provision for income taxes	16,775	24,053	16,644	17,187	12,498
Depreciation and amortization	9,352	8,940	9,642	6,734	8,539
EBITDA	58,547	75,301	86,910	57,972	48,736
Restructuring charge					8,277
Compensation expense related to equity awards			21,502		3,545
Impairment of assets	8,556	567	1,972		
Net periodic pension and post-retirement benefits	(10,866)	(8,558)	(5,791)	(4,344)	(2,781)
Impairment of investment in affiliate	7,900				
Recovery of investment	(1,598)				
Gain on sales of assets, net	(2,660)	(245)	(5,532)	(5,035)	(1,331)
Gain on sale of investment in affiliate			(26,601)		
Loss from discontinued operations, net		195	1,969	1,049	1,652
Adjusted EBITDA	\$ 59,879	\$ 67,260	\$ 74,429	\$ 49,642	\$ 58,098

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 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 Standards Development Organizations (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 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. As a result, our Engineering operating margins have declined recently. 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 2004, 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 2004, we generated approximately 50% 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. 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 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.

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, we could be subject to litigation, regulatory sanctions, or reputational 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. 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 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 Engineering segment's operational services and parts data offerings compete with i2 Technologies, Inc. and Thomas Publishing.

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 fire, power loss, 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 reputational 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; the chairman of our 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, which is the stock being sold in this offering, is entitled to one vote per share. We anticipate that upon the completion of this offering and the private placement by the selling stockholders to General Atlantic, the selling stockholders, Urpasis Investments Limited and Urvanos Investments Limited (which are Cyprus limited liability companies), will own all of our Class B common stock and % of our Class A common stock, assuming an initial public offering price of \$ per share, the midpoint of the range set forth on the cover page of this prospectus. In the aggregate, this ownership represents approximately % of the voting power of our outstanding capital stock (compared to % 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 four years from the date of this offering. 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 Holdings NV (TBG), a Netherlands-Antilles company that is the indirect sole owner of the selling stockholders. 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, 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 this 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, there are ongoing discussions among Thybo and the beneficiaries of the Trust with a view to reorganizing the Trust at some point after the completion of this offering. 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 the other beneficiaries and their immediate families would become owners, directly or indirectly, of the shares of Class A common stock then held by Urvanos Investments Limited.

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.

No public market for our Class A common stock existed before this offering and an active public market for our Class A common stock may not develop.

There has been no public market for our Class A common stock prior to this offering. Therefore, the initial price of our Class A common stock to be sold in the offering will be determined through negotiations among us, the selling stockholders, and the representatives of the underwriters and may not be indicative of the prices that will prevail in the trading market. See

"Underwriting" for a description of the factors considered in determining the initial public offering price of our Class A common stock. An active public market for our Class A common stock may not develop or be sustained after the offering, which could affect your ability to sell your shares and depress the market price of your shares.

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 following the offering, or the perception that such sales could occur, could adversely affect the market price of the shares. At the time of this offering, we will have _____ shares of Class A common stock and 13,750,000 shares of Class B common stock outstanding. After this offering and the General Atlantic private placement, the selling stockholders will own _____ shares of Class A common stock, assuming an initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus, and all of the shares of Class B common stock. The selling 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 will own _____ shares of Class A common stock after the private placement by the selling stockholders, assuming an initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus. See "Shares Eligible for Future Sale Registration Rights." The sale by us, the selling 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.

The selling stockholders have agreed with us not to sell or otherwise dispose of any of their shares of common stock for a period of one year following this offering. In addition, we, holders of substantially all of our outstanding common stock, the General Atlantic entities and our directors and executive officers have 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 180 days after the date of this 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 the selling 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 selling stockholders without our prior written consent for a period of two years after the date of this prospectus. However, upon the expiration 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 the 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;

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 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. 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. These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially from the results, level of activity, performance, or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks outlined under "Risk Factors."

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

We will not receive any proceeds from the sale of shares of Class A common stock by the selling stockholders in this offering or in the General Atlantic private placement.

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. In October 2004, we distributed a \$6.1 million dividend to a subsidiary of TBG. The dividend consisted of a preferred stock investment in Extruded Metals, Inc. with a fair market value of approximately \$4.3 million and \$1.8 million in cash. See "Certain Relationships and Related Transactions Investments in Related Parties."

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of August 31, 2005:

on an actual basis; and

as adjusted to reflect the reclassification of deferred stock units and restricted shares with put rights into stockholders' equity due to the termination of the put rights upon the completion of this offering.

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, 2005	
	Actual	As Adjusted
	(In millions, except share data)	
Cash and cash equivalents	\$ 137.8	\$ 137.8
Long-term debt and capital leases(1)	\$ 0.3	\$ 0.3
Deferred stock units and restricted shares with put rights	19.1	
Stockholders' equity:		
Class A common stock, \$0.01 par value per share, 80,000,000 shares authorized, 43,319,306 shares issued and outstanding (actual and as adjusted)	0.4	0.4
Class B common stock, \$0.01 par value per share, 13,750,000 shares authorized, issued and outstanding (actual and as adjusted)	0.1	0.1
Class C common stock, \$1.00 par value per share, 1,000 shares authorized, issued and held in treasury (actual); no shares authorized (as adjusted)		
Preferred stock, no par value, no shares authorized (actual); 937,500 shares authorized, no shares issued or outstanding (as adjusted)		
Additional paid-in capital	122.3	153.8
Retained earnings	331.5	331.5
Accumulated other comprehensive loss	(10.2)	(10.2)
Unearned compensation from equity awards(2)		(12.4)
Total stockholders' equity	444.1	463.2
Total capitalization	\$ 463.5	\$ 463.5

(1)

On January 7, 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 \$225 million based on our leverage at the time of the borrowings. The credit agreement expires January 7, 2010, at which time any outstanding principal becomes due and payable. As of August 31, 2005, we had no borrowings outstanding under the agreement. Borrowing capacity under the agreement is limited by outstanding letters of credit, of which we had \$1.5 million as of August 31, 2005, which we use to support insurance coverage, leases, and certain customer contracts.

This amount does not include other long-term obligations of \$45.4 million or current liabilities of \$237.1 million as of August 31, 2005.

(2)

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Unearned compensation expense from equity awards represents compensation expense to be recognized in future periods for unvested restricted shares that were issued during the first nine months of 2005. These shares will vest over a period of three to five years. Compensation expense will be recognized over the vesting period.

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, 2002, 2003, and 2004, and the consolidated balance sheet data as of November 30, 2003, and 2004, are derived from the audited consolidated financial statements included in this prospectus. The consolidated statement of operations data for the year ended November 30, 2001, and the balance sheet data as of November 30, 2001, and 2002, are derived from audited consolidated financial statements that are not included in this prospectus. The consolidated statement of operations data for the year ended November 30, 2000, and the balance sheet data as of November 30, 2000, are derived from unaudited consolidated financial statements that are not included in this prospectus. The selected historical consolidated financial data for the nine months ended August 31, 2004 and 2005 was derived from our unaudited condensed consolidated financial statements included in this prospectus. Results for the nine months ended August 31, 2005 are not necessarily indicative of results expected for the fiscal year ending November 30, 2005 or any other future period.

From 2000 to 2002, we disposed of several non-core businesses. The combined results of these divested businesses impacted our operating income from 2000 through 2002 as set forth in footnote 1 below.

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	Years Ended November 30,					Nine Months Ended August 31	
	2000(1)	2001(1)	2002(1)	2003	2004	2004	2005
(In thousands, except per share amounts)							
Statement of Operations Data:							
Revenue	\$ 482,300	\$ 431,644	\$ 338,911	\$ 345,840	\$ 393,969	\$ 275,529	\$ 350,085
Operating expenses:							
Cost of revenue	291,672	256,278	165,168	160,723	184,437(3)	125,341	169,998(3)
Selling, general and administrative	140,772	123,881	117,837	119,902	136,529	97,511	122,761
Depreciation and amortization(2)	28,116	30,668	9,352	8,940	9,642	6,734	8,539
Restructuring charge							8,277
Compensation expense related to equity awards					17,065(3)		3,318(3)
Gain on sales of assets, net	(21,123)	(4,643)	(2,660)	(245)	(5,532)	(5,035)	(1,331)
Impairment of assets(4)	9,176	4,818	8,556	567	1,972		
Impairment (recovery) of investment(5)	28,042	37,841	(1,598)				
Net periodic pension and post-retirement benefits(6)	(10,075)	(12,342)	(10,866)	(8,558)	(5,791)	(4,344)	(2,781)
Loss (earnings) in unconsolidated subsidiaries	7,704	(3,686)	(2,934)	(3,196)	(437)	(394)	(78)
Other expense (income), net	1,603	1,246	(1,062)	1,105	3,173	3,375	(481)
Total operating expenses	475,887	434,061	281,793	279,238	341,058	223,188	308,222
Operating income	6,413	(2,417)	57,118	66,602	52,911	52,341	41,863
Impairment of investment in affiliate			(7,900)(7)				
Gain on sale of investment in affiliate					26,601(8)		
Interest income	5,632	4,532	1,043	1,359	1,140	586	2,553
Interest expense	(18,087)	(14,065)	(3,535)	(1,104)	(450)	(254)	(693)
Non-operating income (expense), net	(12,455)	(9,533)	(10,392)	255	27,291	332	1,860
Income (loss) from continuing operations before income taxes, minority interests, and discontinued operations	(6,042)	(11,950)	46,726	66,857	80,202	52,673	43,723
Provision for income taxes	(7,560)	4,557	(16,775)	(24,053)	(16,644)	(17,187)	(12,498)
Income (loss) from continuing operations before minority interests and discontinued operations	(13,602)	(7,393)	29,951	42,804	63,558	35,486	31,225
Minority interests	(56)	(50)	(23)	(46)	(275)	(54)	(14)
Income (loss) from continuing operations	(13,658)	(7,443)	29,928	42,758	63,283	35,432	31,211
Discontinued operations:(9)							
Income (loss) from discontinued operations, net	3,282	(401)		(195)	(1,969)	(1,049)	(1,652)
Gain on sale of discontinued operations, net		10,356					
Income (loss) from discontinued operations, net	3,282	9,955		(195)	(1,969)	(1,049)	(1,652)
Net income (loss)	\$ (10,376)	\$ 2,512	\$ 29,928	\$ 42,563	\$ 61,314	\$ 34,383	\$ 29,559
Income (loss) from continuing operations per share:							
Basic (Class A and Class B common stock)	\$ (0.25)	\$ (0.14)	\$ 0.54	\$ 0.78	\$ 1.15	\$ 0.65	\$ 0.57

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	Years Ended November 30,					Nine Months Ended August 31	
Diluted (Class A and Class B common stock)	\$ (0.25)	\$ (0.14)	\$ 0.54	\$ 0.78	\$ 1.15	\$ 0.65	\$ 0.56
Net income (loss) per share:(10)							
Basic (Class A and Class B common stock)	\$ (0.19)	\$ 0.05	\$ 0.54	\$ 0.77	\$ 1.11	\$ 0.63	\$ 0.54
Diluted (Class A and Class B common stock)	\$ (0.19)	\$ 0.05	\$ 0.54	\$ 0.77	\$ 1.11	\$ 0.63	\$ 0.53

Balance Sheet Data (as of period end):

Cash and cash equivalents	\$ 22,891	\$ 10,452	\$ 11,941	\$ 24,051	\$ 124,452	\$ 68,837	\$ 137,767
Total assets	707,653	600,853	581,291	620,113	752,644	646,940	747,087
Total long-term debt and capital leases	173,000	(11)	44,081	725	607	585	260
Total stockholders' equity	272,429	272,321	304,565	360,765	421,051	396,880	444,114

(1)

From 2000 to 2002, we disposed of the following non-core businesses:

In 2000, we sold our common stock investment in TriPoint Global Communications, Inc. (TriPoint), a satellite antenna manufacturer, to a subsidiary of TBG. We retained our preferred stock ownership interest in TriPoint, but did not consolidate TriPoint's results in our financial statements after 2000. As a result of the above, TriPoint was not recorded as a discontinued operation.

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.

From 2000 to 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.

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For the five years ended November 30, 2004 and the nine months ended August 31, 2004 and August 31, 2005, the combined results of TriPoint, Extruded, and the other non-core businesses impacted our operating income (loss) as set forth below:

	Years Ended November 30,					Nine Months Ended	
	2000	2001	2002	2003	2004	August 31, 2004	August 31, 2005
	(Unaudited)						
	(In thousands)						
Revenue	\$ 169,666	\$ 105,321	\$ 8,047	\$	\$	\$	\$
Cost of revenue	136,918	93,835	5,558				
Selling, general and administrative	19,238	10,004	5,195				
Depreciation and amortization	3,419	3,059	126				
Other expense (income), net	636	(472)	(47)				
Operating income (loss)	\$ 9,455	\$ (1,105)	\$ (2,785)	\$	\$	\$	\$

- (2) 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 2000 and 2001 was \$16.3 million and \$18.1 million, respectively.
- (3) Represents costs related to the modification of 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. 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 12 to our consolidated financial statements.
- (4) A \$9.2 million impairment charge was recorded in 2000 primarily related to goodwill (\$8.6 million). 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. The loss in 2000 of \$28.0 million included an equity loss, impairment charge, and loss from a put option related to the investment. 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) Represents pension income and expense and post-retirement benefit expense, shown on a net basis. During the years ended November 30, 2000, 2001, 2002, 2003, and 2004, and the nine months ended August 31, 2004 and August 31, 2005, we recognized periodic pension benefit income of \$12.7 million, \$15.1 million, \$14.8 million, \$12.9 million, \$10.5 million, \$7.8 million, and \$4.8 million, respectively, primarily as a result of our overfunded U.S. pension plan. This income was reduced by other post-employment benefits expense of \$2.6 million, \$2.8 million, \$3.9 million, \$4.3 million, \$4.7 million, \$3.5 million, and \$2.0 million for the years ended November 30, 2000, 2001, 2002, 2003, and 2004, and the nine months ended August 31, 2004 and August 31, 2005, respectively, resulting in net periodic pension and post-retirement benefits income, as reflected in our statement of operations, of \$10.1 million, \$12.3 million, \$10.9 million, \$8.6 million, \$5.8 million, \$4.3 million, and \$2.8 million for the same respective periods.
- (7) Reflects the impairment of our preferred stock investment in Extruded. See "Certain Relationships and Related Transactions Investments in Related Parties."

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- (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 income (loss) is stated net of taxes of \$1,945, and \$(576) for the years ended 2000 and 2001, respectively. 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, \$0.6 million and \$0.9 million for the years ended November 30, 2003 and 2004 and the nine months ended August 31, 2004 and 2005, respectively.
- (10) In November 2004, we completed a reorganization and recapitalization. See Note 19 to our consolidated financial statements.
- (11) 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 as well as 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. 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 national and independent oil companies. This segment also provides 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. Our Engineering segment provides solutions incorporating technical specifications and standards, regulations, parts data, design guides, and other information to customers in its targeted industries. This segment serves some of the largest engineering-intensive companies around the world in the defense, aerospace, construction, electronics, and automotive industries.

Executive Summary

Subscription-based business model

More than 75% of our revenue for the year ended November 30, 2004 was derived from subscriptions to our offerings. Our subscription-based business model and historically high renewal rates generate recurring revenue and cash flows. We generally recognize revenue from subscriptions (which are usually for one-year periods) ratably over the term of the subscription.

Less than 10% of our subscription-based revenue for the year ended November 30, 2004 was recognized at the time of sale. In these instances, we have no continuing responsibility to maintain and update the underlying information. Since sales of these non-deferred subscriptions occur most frequently in our fourth and first quarters, we generally recognize a greater percentage of our revenue and income in those quarters.

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 our recognition of revenue and income. A greater percentage of our annual subscription sales are made in the fourth quarter due to a large volume of offerings that were first introduced in the fourth calendar quarter in prior years and are renewed on an annual basis. Also, the sales cycle for a number of our non-deferred subscription products, particularly those that are sold to our governmental and academic customers, is intentionally aligned with customers' budgeting and funding cycles, which often results in increased sales in the fourth calendar quarter. As a result, our cash flow from operations tends to be higher in our first fiscal quarter as we receive subscription payments.

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,	
	2002	2003	2004	2004	2005
(In thousands)					
Critical information	\$ 266,870	\$ 273,310	\$ 308,161	\$ 221,042	\$ 251,132
Decision-support tools	37,705	38,292	44,206	31,074	40,211
Services	34,336	34,238	41,602	23,413	58,742
Total revenue	\$ 338,911	\$ 345,840	\$ 393,969	\$ 275,529	\$ 350,085

As a result of our acquisitions of Cambridge Energy Research Associates (CERA), USA Information Systems, Inc. (USA), and Intermat, Inc. in the fourth quarter of 2004, each of which is discussed in "Acquisitions" below, we expect revenues for services and decision-support tools to increase at a faster rate than revenue from critical information in 2005.

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 2004, we made the following acquisitions:

CERA. We acquired CERA for a total purchase price of approximately \$31 million at the beginning of the fourth quarter of 2004. CERA provides syndicated research and strategic advisory services to energy companies.

USA. We acquired USA for a total purchase price of approximately \$20 million 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 IPL for a total purchase price of approximately \$16 million in the first quarter of 2004. IPL provides critical geological information to the oil and gas exploration and production markets in Canada.

Intermat, Inc. We acquired Intermat for a total purchase price of approximately \$5 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 Note 2 to our consolidated financial statements. The combined effect of these acquisitions on our operating income for the year ended November 30, 2004 is set forth below.

	(In thousands)
Revenue	\$ 17,165
Cost of revenue	7,884
Selling, general and administrative	5,687
Depreciation and amortization	1,710
Other expense (income), net	220

(In thousands)

Operating income

\$ 1,664

We did not make any significant acquisitions in 2002 or 2003 or in the nine months ended August 31, 2005.

Segments

For the nine months ended August 31, 2005, approximately 56% of our Energy segment's revenue was generated from the sale of critical information, 16% was generated from the sale of decision-support tools, and 28% was generated from the sale of services. For the nine months ended August 31, 2005, approximately 88% of our Engineering segment's revenue was generated from the sale of critical information, 7% was generated from the sale of decision-support tools, and 5% was generated from the sale of services.

For the year ended November 30, 2004, approximately 65% of our Energy segment's revenue was generated from the sale of critical information, 18% was generated from the sale of decision-support tools, and 17% was generated from the sale of services. Our Engineering segment's revenue is more heavily weighted toward critical information. For the year ended November 30, 2004, approximately 90% of our Engineering segment's revenue was generated from the sale of critical information, 5% was generated from the sale of decision-support tools, and 5% was generated from the sale of services.

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. For a discussion of the impact of acquisitions during the year ended November 30, 2004, see " Acquisitions" above.

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 \$197.9 million outside the United States during the year ended November 30, 2004, which represented approximately 50% 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):

	<u>2002</u>	<u>2003</u>	<u>2004</u>
	(In thousands)		
United States	\$ 185,332	\$ 180,307	\$ 196,090
United Kingdom	68,039	68,541	84,407
Canada	29,366	32,798	41,747
Switzerland	30,840	30,757	33,644
Rest of world	25,334	33,437	38,081
	<u> </u>	<u> </u>	<u> </u>
Total revenue	\$ 338,911	\$ 345,840	\$ 393,969
	<u> </u>	<u> </u>	<u> </u>

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Our international operations expose us to foreign currency risk. Fluctuations in foreign currency rates increased (decreased) our revenues by \$(0.8) million, \$11.7 million, and \$13.2 million for the years ended November 30, 2002, 2003, and 2004, respectively, and increased (decreased) our operating income by \$2.3 million, \$(2.7) million, and \$(1.4) million for the same respective periods. See " Qualitative and Quantitative Disclosures About Market Risk Foreign Currency Risk."

Restructuring and other events

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.

The entire restructuring charge of approximately \$8.3 million was incurred during the third quarter of 2005 and was comprised primarily of termination costs. Of this amount, we had disbursed approximately \$2.5 million as of August 31, 2005. The remaining disbursements are expected to be made primarily during the fourth quarter of 2005 and are expected to be funded from cash on hand. We anticipate realizing net annual savings of approximately \$9 million from the restructuring primarily through reductions in cost of revenue and selling, general and administrative expenses. In addition, net cash flows are expected to improve by approximately \$8.5 million annually as a result of the restructuring. We anticipate that the benefits of the restructuring will be realized primarily beginning in the fourth quarter of 2005.

During the third quarter of 2005, we also 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 is a manufacturing operation, which is not part of our core operations. We are actively seeking a buyer for this business, and we believe it is probable that it will be sold within the next year. 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 \$1.7 million and \$1.0 million for the nine months ended August 31, 2005 and 2004, 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. As a result, an increase in revenue should result in increased operating margins. We believe we can improve our Energy segment's operating margins as we further penetrate our existing customer base and add new customers. 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 recently.

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Costs of being a public company. Beginning in 2004, our selling, general, and administrative costs increased as we prepared for this initial public offering. Following the offering, we will continue to incur additional selling, general, and administrative expenses related to operating as a public company, such as increased legal and accounting expenses, the cost of an investor relations function, costs related to Section 404 of the Sarbanes-Oxley Act, and increased 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. Compensation expense related to equity awards for the year ended November 30, 2004 includes: (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 three- to five-year vesting period. Related expense is expected to be approximately \$ million, \$ million, and \$ million for 2005, 2006, and 2007, respectively. In addition, upon the completion of this offering, we expect to grant shares of our Class A common stock to our officers and employees in the form of performance shares, performance unit awards, restricted shares or restricted stock awards. Assuming that we complete the offering on , 2005 at an initial public offering price of \$ per share, the midpoint of the range set forth on the cover page of this prospectus, and that all of the performance measures are met, then we expect the related expense to be approximately \$ million, \$ million and \$ million for 2005, 2006, and 2007, respectively. See "Management Equity Compensation Plans."

Pension and post-retirement benefits. Net periodic pension and post-retirement benefits is primarily comprised of pension income and expense and post-retirement benefit expense, shown on a net basis. During the years ended November 30, 2002, 2003, and 2004 and the nine months ended August 31, 2004 and 2005, we recognized periodic pension benefit income of \$14.8 million, \$12.9 million, \$10.5 million, \$7.8 million and \$4.8 million, respectively, primarily as a result of our overfunded U.S. pension plan. This income was reduced by other post-employment benefits expense of \$3.9 million, \$4.3 million, \$4.7 million, \$3.5 million and \$2.0 million for the years ended November 30, 2002, 2003, and 2004, and the nine months ended August 31, 2004 and 2005 respectively, resulting in net periodic pension and post-retirement benefits income, as reflected in our statement of operations, of \$10.9 million, \$8.6 million, \$5.8 million, \$4.3 million, and \$2.8 million for the same respective periods.

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. We expect that our net periodic pension and post-retirement benefit income will be reduced as a result of the spin-off in the future. 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. We expect that the net amount of this income will continue to decline for the foreseeable future.

Stock based compensation. Through IHS Group Inc., our wholly owned subsidiary, we maintained a stock option plan that provided for granting of non-qualified stock options to certain employees for the purchase of shares of common stock of IHS Group Inc. In connection with this stock option plan, we formed a valuation committee of our board of directors to determine the fair value of the underlying common stock in the absence of a public trading market. As a means of

establishing the March 2004 fair value per share, the committee reviewed a discounted net cash flow analysis and a comparable company valuation analysis, both of which were prepared for the committee by management. The comparable company analysis employed six peer companies and six industry multiples (*e.g.*, price to earnings ratio and equity value-to-last 12 months EBITDA ratios), and yielded an average fully diluted per share price of \$9.65 per share and a median fully diluted per share value of \$8.75 per share. The comparable companies were selected based on an assessment of the overall business model, size and inherent growth rates of such companies. Based on the comparable company analysis, the committee determined the fair value of the IHS Group Inc. shares to be in the range of \$8.75 to \$9.25 per share on a fully diluted basis, which is consistent with the discounted cash flow analysis referenced above. In order to select a specific per share amount from this range, the committee opted to set the fair market value of the IHS Group Inc. common stock at the mid-point of the range, or \$9.00 per share.

In establishing the fair value of IHS Group Inc. common stock in connection with the November 22, 2004 offer to exchange options and stock for restricted stock and/or deferred stock units, the committee again used the discounted net cash flow analysis. This estimate was again supplemented with a comparable company valuation analysis, which was prepared on a consistent basis and resulted in an average share price of \$9.80 and a median share price of \$9.25 per share. This analysis incorporated the same six comparable companies and same six valuation multiples as were employed in the March 2004 analysis. In light of these analyses, the committee determined that the enterprise value of IHS Group Inc. had not changed since the March 2004 valuation. However, in determining the fully diluted per share value, the committee concluded that it would be appropriate to consider the increased level of cash on the balance sheet as a proper increase to the per share equity value of IHS Group Inc. This resulted in a fair value of \$9.42 per share. Management chose not to obtain an independent appraisal because it believed that it would be redundant and because there was only a narrow variation between the results obtained from the two analyses.

In connection with the November 2004 offer to exchange options and shares, option holders and shareholders also received an allocation of restricted shares or deferred stock units of IHS Inc. The valuation committee engaged an independent valuation professional to estimate the fair value of these restricted shares and deferred stock units. In order to estimate this per share value, the independent appraiser utilized a comparison of valuation multiples within comparable public companies (the "guideline public company approach") and a discounted cash flow method to estimate the value of IHS Inc. common stock underlying the restricted shares and deferred stock units. The independent appraiser concluded that both methods provide a reasonable estimate of the value of the IHS Inc. common stock and ultimately estimated the value of IHS Inc.'s restricted shares and deferred stock units at \$9.12 per share/unit.

The primary reason for the difference between the \$9.12 per share fair value for the November 2004 grant of restricted shares and deferred stock units and \$, the midpoint of the range set forth on cover page of this prospectus, relates to an improvement in our financial results as we have increased the level of our trailing twelve months revenue and adjusted EBITDA over the past nine months by approximately 19% and 10%, respectively. Moreover, we have experienced an increase in the organic growth rate of our revenue line from approximately 5% in 2004 to approximately 9% in the first nine months of 2005. In addition, adjusted EBITDA growth was approximately 7% for 2004 versus 2003, while adjusted EBITDA increased approximately 17% in the first nine months of 2005 versus the first nine months of 2004. Finally, the accretion of fair value also relates to the declining uncertainty surrounding the likelihood of us successfully completing an initial public offering.

In January 2005, February 2005, and April 2005, we issued 25,000, 218,333, and 4,000 restricted shares, respectively, which we valued at \$12.00 per share based on a fair value used in connection with a note conversion transaction with a third party. In June 2005 and July 2005, we issued 4,100 and 7,000 restricted shares, respectively. We valued these shares at \$13.18 per share,

which represents a liquidity discount from the price at which we believe our shares would have traded in May 2005. See Note 2 to our unaudited condensed consolidated financial statements.

We accrued \$21.8 million as of November 30, 2004 in connection with the offer to exchange options and shares, which was comprised of \$4.4 million relating to cost of revenue and \$17.4 million relating to selling, general and administrative expenses. See Notes 12 and 13 to the consolidated financial statements.

Provision for income taxes. Our effective tax rate was 35.9%, 36.0%, and 20.8% in the years ended November 30, 2002, 2003, and 2004, respectively. The lower effective tax rate in 2004 was principally due to 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 2005 effective tax rate to be between 30-33%. We expect our 2006 effective tax rate to be slightly higher than the 2005 rate.

Deferred subscription costs. Deferred subscription costs, which impact cost of revenue, were \$25.7 million as of November 30, 2004, compared to \$15.2 million as of November 30, 2003, representing an increase of \$10.5 million or 69%. This increase was primarily the result of the dissolution of a joint venture with a third party. Upon dissolution, certain subscription contracts were acquired directly by us and the associated deferred revenue and deferred subscription costs were recorded on the balance sheet at the time of the dissolution. The associated deferred subscription costs were \$8.2 million as of November 30, 2004. The remaining increase was the result of the 10% increase in revenue during 2004 in our Engineering segment which led to higher deferred subscription costs.

Deferred subscription revenue. Deferred subscription revenue was \$140.1 million as of November 30, 2004, compared to \$98.4 million as of November 30, 2003, an increase of \$41.7 million or 42%. The increase resulted from the following:

Upon the dissolution of a joint venture in 2004, certain products reverted back to us. Since the date of the dissolution, we have accounted for sales of these products under a subscription model and the associated deferred subscription revenue was \$15.0 million as of November 30, 2004.

Acquisitions occurring during the year ended November 30, 2004 resulted in incremental deferred revenue that aggregated \$14.0 million as of November 30, 2004.

The remaining increase was the result of the general increase in the business through new customer contracts and expanded product offerings.

Accrued compensation. Accrued compensation was \$28.9 million as of November 30, 2004, compared to \$13.4 million as of November 30, 2003, representing an increase of \$15.5 million or 116%. As noted in Note 12 to our consolidated financial statements, we offered 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. At the time the offer was extended in November 2004, an accrual related to the estimated cash settlement was recorded which aggregated \$9.9 million. Accrued bonuses increased due to improved performance and a higher number of employees within the eligible bonus pool. Accrued payroll also increased as a result of the timing of the cut-off of the year-end pay periods.

Accrued royalties. Accrued royalties were \$26.3 million as of November 30, 2004, compared to \$13.0 million as of November 30, 2003, representing an increase of \$13.3 million or 102%. The increase was principally attributable to increased unearned royalty rebates, a result of the 2004 dissolution of a joint venture, and increased sales of royalty-based critical information.

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.

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 Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" (SFAS No. 87) and Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" (SFAS No. 106). 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 2004 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, 2004. 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 decrease in certain assumptions made at the beginning of 2004 would have had the following effects on 2004 pension expense:

Description of Pension Sensitivity Item	Impact to Pension Results 50 basis points decrease in discount rate/rate of return	
	2004 Expense Impact	November 30, 2004 PBO Impact
(In thousands)		
Expected return on U.S. plan assets, for 2004	\$ 1,740	\$ N/A
Expected return on U.K. plan assets for 2004	\$ 46	\$ N/A
Discount rate on U.S. projected benefit obligation	\$ 165	\$ 12,900
Discount rate on U.K. projected benefit obligation	\$ 213	\$ 1,638

On a consolidated basis, we had \$48.6 million of unrecognized pension and post-retirement benefit losses as of November 30, 2004. Actuarial losses are primarily comprised of cumulative investment returns that are lower than actuarially 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 is our results of operations expressed as a percentage of revenue.

	Years Ended November 30,			Nine Months Ended August 31,	
	2002	2003	2004	2004	2005
Revenue:					
Products	90%	90%	89%	92%	83%
Services	10	10	11	8	17
Total revenue	100	100	100	100	100
Operating expenses:					
Cost of revenue:					
Products	41	38	38	39	38
Services	8	8	8	7	11
Compensation expense related to equity awards			1		
Total cost of revenue	49	46	47	46	49
Selling, general and administrative	35	35	35	35	35
Depreciation and amortization	2	3	2	2	2
Restructuring charge					2
Compensation expense related to equity awards			4		1
Gain on sales of assets, net	(1)		(1)	(2)	
Impairment of assets	2				
Net periodic pension and post-retirement benefits	(3)	(2)	(1)	(1)	(1)
Earnings in unconsolidated subsidiaries	(1)	(1)			
Other expense (income), net			1	1	
Total operating expenses	83	81	87	81	88
Operating income	17	19	13	19	12
Impairment of investment in affiliate	(2)				
Gain on sale of investment in affiliate			7		
Interest income					
Interest expense	(1)				
Non-operating income (expense), net	(3)		7		
Income from continuing operations before income taxes and minority interests	14	19	20	19	12
Provision for income taxes	(5)	(7)	(4)	(6)	(3)
Income from continuing operations before minority interests	9	12	16	13	9
Minority interests					
Income from continuing operations	9	12	16	13	9

Discontinued operations:

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	Years Ended November 30,			Nine Months Ended August 31,	
Loss from discontinued operations, net				(1)	(1)
Net income	9%	12%	16%	12%	8%

Set forth below is our revenue and operating income for our Energy and Engineering segments for the years ended November 30, 2002, 2003 and 2004 and the nine months ended August 31, 2004 and 2005. Certain corporate transactions are not allocated to our operating

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segments. Unallocated amounts include corporate-level restructuring charges, compensation expense related to equity awards, 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,	
	2002	2003	2004	2004	2005
(Unaudited)					
(In thousands)					
Energy revenue	\$ 147,291	\$ 156,151	\$ 185,792	\$ 128,633	\$ 178,917
Engineering revenue	191,620	189,689	208,177	146,896	171,168
Consolidated revenue	\$ 338,911	\$ 345,840	\$ 393,969	\$ 275,529	\$ 350,085
Energy operating income(1)	\$ 30,520	\$ 29,854	\$ 35,225	\$ 25,723	\$ 38,788
Engineering operating income(2)	22,344	28,190	32,984	21,861	6,376
Total segment operating income	52,864	58,044	68,209	47,584	45,164
Adjustments(3)	4,254	8,558	(15,298)	4,757	(3,301)
Consolidated operating income	\$ 57,118	\$ 66,602	\$ 52,911	\$ 52,341	\$ 41,863

- (1) Includes asset impairments of \$0.5 million, \$0.6 million, and \$2.0 million for the years ended November 30, 2002, 2003, and 2004, respectively. There were no asset impairments for the nine months ended August 31, 2004 and 2005.
- (2) Includes gains on sales of assets, net, of \$2.7 million, \$0.2 million, \$5.1 million, \$4.6 million, and \$0 for the years ended November 30, 2002, 2003, 2004, and the nine months ended August 31, 2004 and 2005, respectively. Also includes asset impairments of \$1.5 million in 2002 and a recovery of investment of \$1.6 million in 2002.
- (3) Includes the following items:

	Years Ended November 30,			Nine Months Ended August 31,	
	2002	2003	2004	2004	2005
(Unaudited)					
(In thousands)					
Impairment of assets	\$ (6,612)	\$	\$	\$	\$
Net periodic pension and post-retirement benefits	10,866	8,558	5,791	4,344	2,781
Restructuring charge					(3,871)

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	Years Ended November 30,			Nine Months Ended August 31,	
	_____			_____	
Compensation expense related to equity awards			(21,502)		(3,545)
Gain on sales of corporate assets, net			413	413	1,334
	_____	_____	_____	_____	_____
	\$ 4,254	\$ 8,558	\$ (15,298)	\$ 4,757	\$ (3,301)
	_____	_____	_____	_____	_____

Nine Months Ended August 31, 2005 Compared to the Nine Months Ended August 31, 2004

Revenue. Revenue was \$350.1 million for the nine months ended August 31, 2005 compared to \$275.5 million for the nine months ended August 31, 2004, an increase of \$74.6 million or 27%. Revenue increased primarily due to 2004 acquisitions, which contributed approximately \$39.1 million; organic growth, which contributed \$24.0 million; and foreign-currency movements, which contributed \$4.1 million. The remainder of the change is primarily attributable to the first-quarter 2004 dissolution of a joint venture within our Engineering segment. The revenue increase from 2004 acquisitions principally resulted from our September 2004 CERA acquisition. Multiple factors contributed to the increased organic growth, including favorable energy-industry conditions, expanded offerings to existing customers, new customer contracts, the successful launch of new products, and modest price increases.

Revenue for our Energy segment was \$178.9 million for the nine months ended August 31, 2005 compared to \$128.6 million for the nine months ended August 31, 2004, an increase of \$50.3 million or 39%. The increase was principally due to 2004 acquisitions, which contributed

\$31.1 million; organic growth, which contributed \$17.5 million; and foreign-currency movements, which contributed \$1.7 million. The acquisition growth resulted primarily from CERA. Organic growth in the nine months ended August 31, 2005 was driven by higher sales of existing products, growth within our service offerings, and the introduction of new products and pricing.

Revenue for our Engineering segment was \$171.2 million for the nine months ended August 31, 2005 compared to \$146.9 million for the nine months ended August 31, 2004, an increase of \$24.3 million or 17%. Organic growth increased revenue \$6.5 million, acquisitions contributed \$8.0 million, and foreign-currency movements contributed \$2.4 million. The remainder of the change is attributable to the first-quarter 2004 dissolution of a joint venture. Organic growth resulted primarily from stronger sales volume across multiple products within our critical information and decision-support tools offerings, particularly in the UK.

Cost of Revenue. Cost of revenue was \$170.0 million for the nine months ended August 31, 2005 compared to \$125.3 million for the nine months ended August 31, 2004, an increase of \$44.7 million or 36%. As a percentage of revenue, cost of revenue increased from 46% to 49%. Margin improvements within our Energy segment were more than offset by margin declines in our Engineering segment. Energy margins improved primarily in our critical-information and services offerings through sales volume increases, our ability to leverage the fixed-cost component of our cost structure, and other cost efficiencies. Engineering margins decreased primarily as a result of continued increases in effective royalty rates related to sales of critical information, our primary source of Engineering revenue.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$122.8 million for the nine months ended August 31, 2005 compared to \$97.5 million for the nine months ended August 31, 2004, an increase of \$25.3 million or 26%. Acquisitions contributed \$15.3 million. The remainder of the increase was due to foreign-currency movements, increased sales-and-marketing investment in our Engineering segment, and, at the corporate level, increased costs related to the implementation of public company infrastructure, processes and systems in preparation for our initial public offering. As a percentage of revenue, selling, general and administrative expenses were 35% for both the nine months ended August 31, 2004 and 2005.

Depreciation and Amortization Expenses. Depreciation and amortization expenses were \$8.5 million for the nine months ended August 31, 2005, compared to \$6.7 million for the nine months ended August 31, 2004, an increase of \$1.8 million, or 27%. The increase is primarily due to acquisitions.

Restructuring Charge. Restructuring charge was \$8.3 million for the nine months ended August 31, 2005 comprised primarily of termination costs. We had no similar expense for the nine months ended August 31, 2004. During the third quarter of 2005, we executed a restructuring initiative affecting our Engineering segment and certain unallocated corporate costs. This initiative was undertaken to reduce costs, further the integration of operations from previous acquisitions, streamline our data delivery processes, and realign our marketing efforts to support core product initiatives. In 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. See " Executive Summary Restructuring and other events."

Compensation Expense Related to Equity Awards. Compensation expense related to equity awards was \$3.3 million for the nine months ended August 31, 2005. We had no similar expense for the nine months ended August 31, 2004. During 2005, we granted certain employees restricted shares which vest over three to five years.

Net Gain on Sales of Assets. Net gain on sales of assets were \$1.3 million for the nine months ended August 31, 2005 compared to \$5.0 million for the nine months ended August 31,

2004, a decrease of \$3.7 million. Results for the nine months ended August 31, 2004 included a \$4.4 million gain from the first-quarter 2004 dissolution of a joint venture.

Net Periodic Pension and Post-retirement Benefits. Net periodic pension and postretirement benefits income was \$2.8 million for the nine months ended August 31, 2005 compared to \$4.3 million for the nine months ended August 31, 2004, a decrease of \$1.5 million or 35%. The decrease was primarily due to the November 30, 2004 spin-off of IHS's U.S. retirement plans as well as increased actuarial losses resulting from lower-than-expected asset returns in previous years.

Earnings in Unconsolidated Subsidiaries. Earnings from unconsolidated subsidiaries were less than \$0.1 million during the nine months ended August 31, 2005, compared to \$0.4 million for the nine months ended August 31, 2004.

Net Other Expense (Income). Net other expense (income) was \$(0.5) million for the nine months ended August 31, 2005, compared to \$3.4 million for the nine months ended August 31, 2004. The change was primarily attributable to foreign-currency movements, net of our 2005 hedging program, and integration costs related to acquisitions in 2004.

Operating Income. Operating income was \$41.9 million for the nine months ended August 31, 2005, compared to \$52.3 million for the nine months ended August 31, 2004, a decrease of \$10.4 million, or 20%. Increased operating results from our Energy segment were more than offset by the \$8.3 million restructuring charge, margin declines in our Engineering segment, increased company-wide general and administrative expenses, and \$3.5 million of compensation expense in 2005. Additionally, the results for the nine months ended August 31, 2004 included a gain of approximately \$4.4 million on the first-quarter 2004 dissolution of a joint venture.

Operating income for our Energy segment was \$38.8 million for the nine months ended August 31, 2005, compared to \$25.7 million for the nine months ended August 31, 2004, an increase of \$13.1 million, or 51%. The increase was primarily attributable to increased revenue based on our primarily fixed cost structure, which was partially offset by operating expense increases caused by acquisitions, efforts to comply with the requirements of the Sarbanes-Oxley Act, and back-office system implementation costs, and increased corporate-cost allocations resulting from the planned public-company infrastructure costs.

Operating income for our Engineering segment was \$6.4 million for the nine months ended August 31, 2005 compared to \$21.9 million for the nine months ended August 31, 2004, a decrease of \$15.5 million, or 71%. Operating income decreased primarily due to the restructuring charge; increasing royalty rates, which reduced margins; increased selling, general and administrative expenses, resulting from investments made in sales-and-marketing resources and programs; and increased corporate-cost allocations resulting from the planned public-company infrastructure costs. Additionally, the results for the nine months ended August 31, 2004 included a non-recurring gain of approximately \$4.4 million on the dissolution of a joint venture.

Interest Income. Interest income was \$2.6 million for the nine months ended August 31, 2005 compared to \$0.6 million for the nine months ended August 31, 2004, an increase of \$2.0 million. Interest income increased primarily as a result of increased cash, a function of the proceeds received from our fourth-quarter 2004 sale of a non-core asset for \$94.2 million, as well as increased interest rates. Also, during the third quarter of 2005, we implemented our cash investment policy and purchased short-term marketable securities.

Interest Expense. Interest expense was \$0.7 million for the nine months ended August 31, 2005 compared to \$0.3 million for the nine months ended August 31, 2004, an increase of \$0.4 million. In the first quarter of 2005, we wrote off certain deferred financing costs associated with our previous credit facility. We entered into a new credit facility in January 2005.

Provision for Income Taxes. Our effective tax rate for the nine months ended August 31, 2005 was 29%, compared to 33% for the prior-year period. The effective tax rate for the 2005 period reflects the benefit of the favorable outcome of tax audits during the period, as well as changes to certain estimates and the recognition of tax benefits relating to the reconciliation of our 2004 tax provision to our 2004 U.S. federal corporate income tax return.

Loss from Discontinued Operations, Net. Loss from discontinued operations, net was \$1.7 million for the nine months ended August 31, 2005 compared to \$1.0 million for the nine months ended August 31, 2004, an increase of \$0.7 million. The loss from discontinued operations increased during 2005 principally due to increased costs. We also wrote off \$0.2 million of accounts receivable and incurred a \$0.1 million inventory obsolescence charge.

Year Ended November 30, 2004 Compared to the Year Ended November 30, 2003

Revenue. Revenue was \$394.0 million for the year ended November 30, 2004 compared to \$345.8 million for the year ended November 30, 2003, representing an increase of \$48.2 million or 14%. The increase was primarily attributable to internal growth, which contributed approximately \$17.8 million; 2004 acquisitions, which increased revenue by \$16.6 million; and favorable foreign currency movements, which increased revenue by \$13.2 million. Internal growth was primarily driven by increased sales of critical information and decision-support tools in both our Energy and Engineering operating segments, as well as modest price increases.

Revenue for our Energy segment was \$185.8 million for the year ended November 30, 2004 compared to \$156.2 million for the year ended November 30, 2003, representing an increase of \$29.6 million or 19%. The 2004 revenue increase within our Energy segment included increases in revenue of \$14.3 million, \$3.6 million, and \$11.7 million from our critical information, decision-support tools, and services, respectively. The revenue increases in critical information and decision-support tools stemmed from organic growth, foreign exchange movements and acquisitions. The increase in services revenue primarily resulted from the acquisition of CERA.

Revenue for our Engineering segment was \$208.2 million for the year ended November 30, 2004 compared to \$189.7 million for the year ended November 30, 2003, representing an increase of \$18.5 million or 10%. The 2004 revenue increase within our Engineering segment included increases in revenue of \$19.0 million and \$2.3 million from our critical information and decision-support tools offerings, respectively, which was partially offset by a \$2.8 million reduction in services revenue. The increase in revenue from the sale of critical information was split nearly evenly between organic growth and favorable foreign currency movements. The organic growth was primarily attributable to recent updates to existing products and improved performance of our largest information offering, Specs and Standards. The reduction in services revenue mainly reflects management's decision to exit certain less profitable non-core service offerings.

Cost of Revenue. Cost of revenue was \$184.4 million for the year ended November 30, 2004 compared to \$160.7 million for the year ended November 30, 2003, representing an increase of \$23.7 million or 15%. As a percentage of revenue, cost of revenue remained constant at 47%. Our ability to leverage the fixed cost component of our cost structure was offset by the foreign exchange effects on some of our expenses, lower margins in companies we acquired in 2004, and a continued increase in the effective rate of royalty expense.

Selling, General and Administrative Expenses. Selling, general, and administrative expenses were \$136.5 million for the year ended November 30, 2004 compared to \$119.9 million for the year ended November 30, 2003, representing an increase of \$16.6 million or 14%. The increase was due in part to an increase in corporate costs of \$6.5 million primarily associated with our proposed initial public offering, including costs related to Section 404 of the Sarbanes-Oxley Act and the assembly of our current management team. It also reflected an increase in expenses of \$5.8 million from our 2004 acquisitions, as well as foreign currency movements of \$4.4 million. Despite these increased costs, selling, general, and administrative expenses remained constant as

a percentage of revenue as a result of our ability to leverage these costs as we increased revenue and also because the selling, general, and administrative expenses of the companies we acquired in 2004 were less as a percentage of revenue than ours.

Depreciation and Amortization Expenses. Depreciation and amortization expenses were \$9.6 million for the year ended November 30, 2004 compared to \$8.9 million for the year ended November 30, 2003, representing an increase of \$0.7 million or 8%. The increase was primarily attributable to assets acquired as part of our 2004 acquisitions, partially offset by a reduced depreciable asset base which resulted in part from asset impairments.

Compensation Expense Related to Equity Awards. Compensation expense related to equity awards was \$17.1 million for the year ended November 30, 2004, reflecting the costs of our offer to purchase outstanding options and shares of capital stock issued pursuant to stock option plans maintained by one of our subsidiaries. We had no compensation expense related to equity awards for the year ended November 30, 2003.

Net Gain on Sales of Assets. Net gain on sales of assets was \$5.5 million for the year ended November 30, 2004 compared to \$0.2 million for the year ended November 30, 2003, representing an increase of \$5.3 million. The gain in 2004 resulted from the sale of corporate assets, the dissolution of a joint venture, and the settlement of a revenue-based earn-out arrangement relating to a non-core business we sold in 2002. The gain in 2003 resulted from the revenue-based earn-out which was settled in 2004. This revenue-based earn-out, which was the consideration we received for the sale of this non-core business in 2002, was to be paid quarterly for four years. Since the earn-out was contingent upon the future profitability of the business, we recognized a gain on the sale when we received the earn-out proceeds.

Impairment of Assets. Impairment of assets was \$2.0 million for the year ended November 30, 2004 compared to \$0.6 million for the year ended November 30, 2003, representing an increase of \$1.4 million. In 2004, we wrote off the value of a decision-support tool that was being developed by our Energy segment. During 2003, we wrote down this decision-support tool.

Net Periodic Pension and Post-retirement Benefits. Net periodic pension and post-retirement benefits income was \$5.8 million for the year ended November 30, 2004 compared to \$8.6 million for the year ended November 30, 2003, representing a decrease of \$2.8 million or 32%. The decrease was primarily due to the increased amortization of actuarial losses resulting from lower than expected asset returns from 2000 to 2002.

Earnings in Unconsolidated Subsidiaries. Earnings in unconsolidated subsidiaries were \$0.4 million for the year ended November 30, 2004 compared to \$3.2 million for the year ended November 30, 2003, representing a decrease of \$2.8 million or 86%. The decrease was principally attributable to the dissolution of a joint venture during early 2004. Prior to its dissolution, the joint venture was accounted for using the equity method.

Net Other Expense (Income). Net other expense was \$3.2 million for the year ended November 30, 2004 compared to \$1.1 million for the year ended November 30, 2003, representing an increase of \$2.1 million. The increase was principally attributable to foreign currency movements and integration costs relating to acquisitions.

Operating Income. Operating income was \$52.9 million for the year ended November 30, 2004 compared to \$66.6 million for the year ended November 30, 2003, representing a decrease of \$13.7 million or 21%. The decrease was primarily attributable to a \$21.8 million charge for compensation expense related to equity awards in 2004 and a decrease from unfavorable foreign currency movements, as well as a decline in net periodic pension and post-retirement benefits income. These declines were partially offset by \$5.5 million gain on net sales of assets, as well as increases in internal growth.

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Operating income for our Energy segment was \$35.2 million for the year ended November 30, 2004 compared to \$29.9 million for the year ended November 30, 2003, representing an increase of \$5.3 million or 18%. The increase was attributable to increased sales and acquisitions in 2004 that were partially offset by a \$2.0 million asset impairment and higher corporate costs that were allocated to the segment.

Operating income for our Engineering segment was \$33.0 million for the year ended November 30, 2004 compared to \$28.2 million for the year ended November 30, 2003, representing an increase of \$4.8 million or 17%. The increase is primarily comprised of a \$5.1 million net gain on sales of assets, as well as an increase in sales. These increases were partially offset by higher corporate costs that were allocated to the segment.

Interest Income. Interest income was \$1.1 million for the year ended November 30, 2004 compared to \$1.4 million for the year ended November 30, 2003, representing a decrease of \$0.3 million or 16%. The decrease was attributable to lower average interest rates.

Interest Expense. Interest expense was \$0.5 million for the year ended November 30, 2004 compared to \$1.1 million for the year ended November 30, 2003, representing a decrease of \$0.6 million or 59%. The decrease was attributable to the fact that we substantially repaid all of our long-term debt during 2003 and had reduced levels of borrowings during 2004.

Provision for Income Taxes. Our effective tax rate was 20.8% and 36.0% in 2004 and 2003, respectively. The decrease in effective tax rate in 2004 was principally due to the recognition of the tax benefit of a dividends-received deduction on dividends from a preferred stock investment. The decrease also reflected the tax benefit resulting from the release of substantially all of the valuation allowance on foreign tax credits primarily related to the extension of the credit carryforward period included in the American Jobs Creation Act of 2004.

Loss from Discontinued Operations, Net. Loss from discontinued operations, net was \$2.0 million for the year ended November 30, 2004 compared to \$0.2 million for the year ended November 30, 2003. The loss was greater in 2004 primarily due to the fact that we purchased this business in the fourth quarter of 2003.

Year Ended November 30, 2003 Compared to the Year Ended November 30, 2002

Revenue. Revenue was \$345.8 million for the year ended November 30, 2003 compared to \$338.9 million for the year ended November 30, 2002, representing an increase of \$6.9 million or 2%. The increase was primarily attributable to internal growth, which contributed approximately \$3.2 million, and favorable foreign currency movements, which increased revenue by approximately \$11.7 million. These increases were partially offset by the loss of revenue related to the 2002 divestiture of certain non-core businesses which had generated revenue of \$8.0 million in 2002. The results of these businesses were accounted for within our Engineering segment. See footnote 1 to "Selected Historical Consolidated Financial Data."

Revenue for our Energy segment was \$156.2 million for the year ended November 30, 2003 compared to \$147.3 million for the year ended November 30, 2002, representing an increase of \$8.9 million or 6%. The increase in revenue in 2003 within our Energy segment reflected increases in revenue of \$7.2 million, \$0.3 million, and \$1.4 million from our critical information, decision-support tools, and services offerings, respectively.

Revenue for our Engineering segment was \$189.7 million for the year ended November 30, 2003 compared to \$191.6 million for the year ended November 30, 2002, representing a decrease of \$1.9 million or 1%. The 2003 decline in revenue within our Engineering segment was attributable to reductions in revenue of \$0.6 million and \$1.6 million from our critical information and services offerings, respectively. These declines were partially offset by an increase of \$0.3 million in revenue

from our decision-support tools. These amounts were impacted by the loss of revenue related to the divestitures of the non-core businesses during 2002.

Cost of Revenue. Cost of revenue was \$160.7 million for the year ended November 30, 2003 compared to \$165.2 million for the year ended November 30, 2002, representing a decrease of \$4.5 million or 3%. As a percentage of revenue, cost of revenue decreased from 49% in 2002 to 47% in 2003. This decrease reflects our cost reduction initiatives, which primarily related to headcount reductions, and our ability to leverage the fixed cost component of our cost structure. The decrease was partially offset by the foreign exchange effect on some of our expenses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$119.9 million for the year ended November 30, 2003 compared to \$117.8 million for the year ended November 30, 2002, representing an increase of \$2.1 million or 2%. The increase was primarily due to increased expenses resulting from the corresponding increase in revenue, as well as unfavorable foreign currency movements of \$5.1 million.

Depreciation and Amortization Expenses. Depreciation and amortization expenses were \$8.9 million for the year ended November 30, 2003 compared to \$9.4 million for the year ended November 30, 2002, representing a decrease of \$0.5 million or 4%. The decrease primarily related to a reduced depreciable asset base. We also decreased our capital expenditure spending in 2003 by expanding our reliance on leasing arrangements.

Net Gain on Sales of Assets. Net gain on sales of assets for the year ended November 30, 2003 was \$0.2 million compared to \$2.7 million for the year ended November 30, 2002. The gain in 2003 was related to the receipt of a revenue-based earn-out payment. The gain in 2002 related to the sale of non-core businesses.

Impairment of Assets. Impairment of assets was \$0.6 million for the year ended November 30, 2003 compared to \$8.6 million for the year ended November 30, 2002, representing a decrease of \$8.0 million. During 2003, we impaired certain decision-support tools within our Energy segment. During 2002, we impaired buildings held for sale (\$4.6 million); miscellaneous balances within our Engineering segment (\$1.5 million); decision-support tools within our Energy segment (\$0.5 million); and a note receivable relating to a previously divested business (\$2.0 million).

Recovery of Investment. There was no recovery of investment for the year ended November 30, 2003 compared to \$1.6 million for the year ended November 30, 2002. Our investment in the affiliate was written off in 2001. We sold the investment in 2002 for \$1.6 million, which was recorded as a recovery of our investment.

Net Periodic Pension and Post-retirement Benefits. Net periodic pension and post-retirement benefits was \$8.6 million during the year ended November 30, 2003 compared to \$10.9 million for the year ended November 30, 2002, representing a decrease of \$2.3 million or 21%. The decrease was primarily due to the increased amortization of actuarial losses resulting from lower than expected asset returns from 2000 through 2002.

Earnings in Unconsolidated Subsidiaries. Earnings in unconsolidated subsidiaries were \$3.2 million for the year ended November 30, 2003 compared to \$2.9 million for the year ended November 30, 2002, representing an increase of \$0.3 million or 9%. The increase was primarily due to the increased sales and profitability of a joint venture accounted for under the equity method.

Net Other Expense (Income). Net other expense (income) was \$1.1 million for the year ended November 2003 compared to \$(1.1) million for the year ended November 30, 2002, representing an increase of \$2.2 million.

Operating Income. Operating income was \$66.6 million for the year ended November 30, 2003 compared to \$57.1 million for the year ended November 30, 2002, representing an increase of \$9.5 million or 17%. This increase was primarily attributable to revenue growth and a decrease in cost of revenue as a percentage of revenue, which was partially offset by higher selling, general, and administrative expenses.

Operating income for our Energy segment was \$29.9 million for the year ended November 30, 2003 compared to \$30.5 million for the year ended November 30, 2002, representing a decrease of \$0.6 million or 2%. The increase in revenue in this segment was more than offset by corresponding operating expense increases, which were driven by unfavorable foreign currency movements.

Operating income for our Engineering segment was \$28.2 million for the year ended November 30, 2003 compared to \$22.3 million for the year ended November 30, 2002, representing an increase of \$5.9 million or 26%. The increase was primarily attributable to our cost reduction initiatives.

Interest Income. Interest income was \$1.4 million for the year ended November 30, 2003 compared to \$1.0 million for the year ended November 30, 2002, representing an increase of \$0.4 million. The increase was primarily attributable to higher average cash balances.

Interest Expense. Interest expense was \$1.1 million for the year ended November 30, 2003 compared to \$3.5 million for the year ended November 30, 2002, representing a decrease of \$2.4 million. This decrease was primarily attributable to the fact that we paid off substantially all of our long-term debt during 2003.

Provision for Income Taxes. Our effective tax rate was 36.0% and 35.9% in 2003 and 2002, respectively. The modest increase in the effective rate was principally due to the impact of a reduction in foreign tax rate benefits resulting from an increase in repatriation of profits previously permanently reinvested. This was partially offset by the recognition of the tax benefit from basis differences on a disposed business.

Quarterly Results of Operations

The following table presents our unaudited quarterly results of operations for the last eight quarters. You should read the following table in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited information on the same basis as our audited consolidated financial statements. This table includes all adjustments, consisting only of normal recurring adjustments, that we consider necessary for fair presentation of our financial position and operating results for the quarters

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presented. Operating results for any quarter are not necessarily indicative of result for any future quarters or for a full year.

Three Months Ended

	November 30, 2003	February 29, 2004	May 31, 2004	August 31, 2004	November 30, 2004	February 28, 2005	May 31, 2005	August 31, 2005
(In thousands)								
Revenue	\$ 94,129	\$ 91,345	\$ 90,042	\$ 94,142	\$ 118,440(1)	\$ 116,983	\$ 115,145	\$ 117,957
Operating expenses:								
Cost of revenue	40,489	42,007	41,420	41,914	59,096	55,458	57,247	57,293
Selling, general and administrative	30,144	31,514	32,378	33,618	39,019	40,559	42,514	39,688
Depreciation and amortization	2,049	2,226	2,487	2,022	2,907	2,907	2,859	2,773
Restructuring charge								8,277
Compensation expense related to equity awards					17,065	1,195	1,154	969
Gain on sales of assets, net	(63)	(4,458)	(495)	(82)	(497)	(617)	(714)	
Impairment of assets	567				1,972			
Net periodic pension and post-retirement benefits	(2,140)	(1,448)	(1,448)	(1,448)	(1,447)	(931)	(939)	(911)
Loss (earnings) in unconsolidated subsidiaries	(1,976)	(367)	(11)	(16)	(43)	(28)	(21)	(29)
Other expense (income), net	349	2,169	687	519	(202)	(319)	7	(169)
Total operating expenses	69,419	71,643	75,018	76,527	117,870	98,224	102,107	107,891
Operating income	24,710	19,702	15,024	17,615	570	18,759	13,038	10,066
Gain (loss) on sale of investment in affiliate					26,601			
Interest income	778	79	233	274	554	718	934	901
Interest expense	(302)	(4)	(133)	(117)	(196)	(502)	(81)	(110)
Non-operating income (expense), net	476	75	100	157	26,959	216	853	791
Income from continuing operations before income taxes and minority interests	25,186	19,777	15,124	17,772	27,529	18,975	13,891	10,857
Provision for income taxes	(9,503)	(6,690)	(4,366)	(6,131)	543	(5,406)	(4,574)	(2,518)
Income from continuing operations before minority interests	15,683	13,087	10,758	11,641	28,072	13,569	9,317	8,339
Minority interests	(30)	(4)	(40)	(10)	(221)	7	11	(32)

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Three Months Ended

Income from continuing operations	15,653	13,083	10,718	11,631	27,851	13,576	9,328	8,307
Discontinued operations:								
Loss from discontinued operations, net	(195)	(354)	(295)	(400)	(920)	(443)	(682)	(527)
Net income	\$ 15,458	\$ 12,729	\$ 10,423	\$ 11,231	\$ 26,931	\$ 13,133	\$ 8,646	\$ 7,780

(1)

Fourth quarter 2004 revenue of \$118.4 million was higher than the first three quarters of 2004 as a result of, among other things, the acquisitions that were completed during the fourth quarter of 2004 (CERA, USA and Intermat). In particular, these acquisitions contributed \$11.6 million of revenue in the fourth quarter of 2004. These acquisitions contributed \$6.7 million to cost of revenue and \$5.2 million to selling, general and administrative expense in the fourth quarter of 2004.

Since sales of non-deferred subscriptions occur most frequently in our fourth and first quarters, we generally recognize a greater percentage of our revenue and income in those quarters.

Liquidity and Capital Resources

As of August 31, 2005 and November 30, 2004, we had cash and cash equivalents of \$137.8 million and \$124.5 million, respectively. These amounts include \$94.2 million from the September 2004 sale of an investment in an affiliate. We have also historically generated significant cash flows from operations. As a result of these factors, as well as the cash we receive from this

offering and the availability of funds under our credit facility, we believe we will have sufficient cash to meet our working capital and capital expenditure needs.

Our future capital requirements will depend on many factors, including our level of revenue, the timing and extent of spending to support product development efforts, the expansion of sales and marketing activities, the timing of introductions of new products, increased administrative costs of being a public company, changing technology, and the continued market acceptance of our offerings. We could be required, or could elect, to seek additional funding through public or private equity or debt financing for any possible future acquisitions. Additional funds may not be available on terms acceptable to us or at all. We expect our capital expenditures, excluding potential acquisitions, to be less than \$5 million for the remainder of 2005 and less than \$8 million in 2006.

Cash Flow

Net cash provided by operating activities was approximately \$38.7 million for the nine months ended August 31, 2005. Net cash provided by operating activities was approximately \$53.2 million for the nine months ended August 31, 2004. The decrease in net cash provided by operating activities was principally attributable to decreases in accrued expenses in 2005 due to the payments made in connection with the November 2004 offer to exchange options and shares. The decrease was also attributable to our third quarter 2005 restructuring initiative, pursuant to which we disbursed approximately \$2.5 million as of August 31, 2005. See " Executive Summary Restructuring and other events."

Net cash provided by operating activities was \$70.1 million in 2004, \$60.4 million in 2003 and \$74.7 million in 2002. The increase from 2003 to 2004 was primarily attributable to higher levels of operating income in 2004 and higher levels of cash flow resulting from changes in working capital. The decrease from 2002 to 2003 was principally due to cash flow changes in working capital and higher levels of tax payments made in 2003.

Net cash used in investing activities amounted to approximately \$21.8 million for the nine months ended August 31, 2005. Net cash used in investing activities amounted to approximately \$6.0 million for the nine months ended August 31, 2004. The change in net cash used in investing activities was principally attributable to the implementation of our cash management policy during the third quarter of 2005. Under our cash management policy, we purchased approximately \$18.9 million of marketable securities during the nine months ended August 31, 2005.

Net cash provided by investing activities was \$34.7 million in 2004. This amount principally resulted from \$104.9 million of proceeds from sales of assets and investment in affiliate and was partially offset by \$70.3 million of cash outflows related to our 2004 acquisitions. Net cash used in investing activities was \$3.8 million in 2003 and related principally to \$4.1 million of capital expenditures. Cash used in investing activities was \$2.7 million in 2002 and related to \$6.8 million of capital expenditures offset by \$4.7 million of proceeds from sales of assets and an investment in an affiliate.

Net cash used in financing activities was \$2.0 million in 2004, \$44.2 million in 2003 and \$71.3 million in 2002. The 2004 uses of cash relates principally to a \$1.8 million cash dividend, while substantially all of the amounts used in 2003 and 2002 were used to repay debt.

Credit Facility

On January 7, 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 \$225 million based on our leverage at the time of the borrowings. Origination fees and debt costs were approximately \$0.5 million, which will be amortized over the life of the agreement. The agreement expires in January 2010.

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The credit agreement includes various operating and financial covenants. For example, our covenants limit the capitalized lease obligations and borrowings for leasing or purchasing fixed assets that we can have outstanding at a given time to \$10 million; limit the unsecured indebtedness we may have outstanding at a given time (other than the indebtedness outstanding under the credit agreement) to \$20 million; and prohibit us from acquiring new businesses if the amount available under the credit agreement plus cash and cash equivalents would be less than \$15 million after the acquisition. We must also maintain a fixed coverage charge ratio (which is generally defined as the ratio of consolidated EBITDA plus rent expenses to consolidated fixed charges) that exceeds 1.10 to 1.00 and, after the offering, our leverage ratio (which is generally defined as the ratio of all indebtedness to consolidated EBITDA) may not exceed 2.50 to 1.00.

As of August 31, 2005, we were in compliance with all of the covenants in the agreement and had no borrowings outstanding under the agreement. Borrowing capacity under the agreement is limited by outstanding letters of credit, of which we had \$1.5 million as of August 31, 2005, which we use to support insurance coverage, leases and certain customer contracts. See Note 8 to our consolidated financial statements.

Interest under the agreement is payable periodically and ranges from LIBOR plus 75 basis points to LIBOR plus 160 basis points. The facility fee is payable periodically and ranges from 15 basis points to 25 basis points.

Off-Balance Sheet Transactions

We have no off-balance sheet transactions.

Contractual Obligations and Commercial Commitments

We have various contractual obligations and commercial commitments which are recorded as liabilities in our consolidated financial statements. Other items, such as certain purchase commitments and other executory contracts, are not recognized as liabilities in our consolidated financial statements but are required to be disclosed. The following table summarizes our contractual obligations and commercial commitments at November 30, 2004, and the future periods in which such obligations are expected to be settled in cash:

Contractual Obligations and Commercial Commitments	Payment due by period				
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
	(in millions)				
Operating leases	\$ 49.4	\$ 13.9	\$ 19.3	\$ 14.8	\$ 1.4
Post-retirement medical-benefit plan contributions	12.6	0.9	2.1	2.4	7.2
Unconditional purchase obligations	6.4	1.5	3.8	1.1	
Total	\$ 68.4	\$ 16.3	\$ 25.2	\$ 18.3	\$ 8.6

In addition, we guaranteed minimum royalty payments totaling \$5.9 million as of November 30, 2004, substantially all of which expire in 2005. We have not historically had to make payments under these guarantees because royalties paid on sales have exceeded minimum guarantees. Based on the guarantees outstanding as of November 30, 2004, we do not expect to have to make payments under the guarantees during 2005.

We do not expect to contribute to our U.S. pension plan in 2005 since it is currently overfunded. We expect to contribute \$0.9 million in 2005 to our U.K. pension plan, which is currently underfunded. See Notes 12 and 13 to our consolidated financial statements.

Recent Accounting Pronouncement

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123(R), *Share-Based Payment*, which is a revision of FASB Statement No. 123, *Accounting for Stock-Based Compensation*. Statement 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and amends FASB Statement No. 95, *Statement of Cash Flows*. Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative.

Statement 123(R) permits public companies to adopt its requirements using one of two methods:

1. A "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of Statement 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of Statement 123 for all awards granted to employees prior to the effective date of Statement 123(R) that remain unvested on the effective date.
2. A "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under Statement 123 for purposes of pro forma disclosures for either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

We are currently reviewing Statement 123(R) and have not yet decided which alternative we plan to use when we adopt Statement 123(R) effective December 1, 2005. As permitted by Statement 123(R), we currently account for share-based payments to employees using APB Opinion 25's intrinsic value method and, as such, generally recognize no compensation cost for employee stock options. Subsequent to November 30, 2004, we cancelled all of our