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

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 31, 2015

OR

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

For the transition period from to

Commission file number 001-32511

IHS INC.
(Exact name of registrant as specified in its charter)

Delaware	13-3769440
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15 Inverness Way East
Englewood, CO 80112
(Address of Principal Executive Offices)
(303) 790-0600
(Registrant's telephone number, including area code)

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

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

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

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

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

As of August 31, 2015, there were 68,178,524 shares of our Class A Common Stock outstanding.

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Cautionary Note Regarding Forward-Looking Statements

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

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

November 30, 2014, along with our other filings with the U.S. Securities and Exchange Commission (SEC).

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

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Website and Social Media Disclosure

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

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

	As of August 31, 2015 (Unaudited)	As of November 30, 2014 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$263,605	$153,156
Accounts receivable, net	330,673	421,374
Income tax receivable	—	2,283
Deferred subscription costs	53,156	51,021
Deferred income taxes	78,027	81,780
Other	64,787	60,973
Total current assets	790,248	770,587
Non-current assets:		
Property and equipment, net	322,802	301,419
Intangible assets, net	1,111,796	1,091,109
Goodwill	3,400,639	3,157,324
Other	24,114	27,991
Total non-current assets	4,859,351	4,577,843
Total assets	$5,649,599	$5,348,430
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$36,014	$36,257
Accounts payable	57,713	52,245
Accrued compensation	88,978	101,875
Accrued royalties	23,984	37,346
Other accrued expenses	117,175	131,147
Income tax payable	31,733	—
Deferred revenue	607,073	596,187
Total current liabilities	962,670	955,057
Long-term debt	2,049,083	1,806,098
Accrued pension and postretirement liability	27,611	29,139
Deferred income taxes	355,932	347,419
Other liabilities	63,321	51,171
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, $0.01 par value per share, 160,000,000 shares authorized, 70,099,469 and 69,391,577 shares issued, and 68,178,524 and 68,372,176 shares outstanding at August 31, 2015 and November 30, 2014, respectively	701	694
Additional paid-in capital	1,014,093	956,381
Treasury stock, at cost: 1,920,945 and 1,019,401 shares at August 31, 2015 and November 30, 2014, respectively	(216,749)	(105,873)
Retained earnings	1,564,785	1,415,069

Accumulated other comprehensive loss	(171,848)	(106,725)
Total stockholders’ equity	2,190,982	2,159,546
Total liabilities and stockholders’ equity	$5,649,599	$5,348,430

See accompanying notes.

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

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Revenue	$587,945	$556,011	$1,725,613	$1,648,477
Operating expenses:				
Cost of revenue	222,811	219,208	666,660	657,078
Selling, general and administrative	207,744	211,285	614,162	612,645
Depreciation and amortization	59,928	50,568	174,757	149,347
Restructuring charges	1,890	2,368	23,543	6,403
Acquisition-related costs	116	—	593	1,017
Net periodic pension and postretirement expense (income)	495	(1,328)	1,488	4,342
Other expense, net	234	132	1,328	1,440
Total operating expenses	493,218	482,233	1,482,531	1,432,272
Operating income	94,727	73,778	243,082	216,205
Interest income	274	251	614	737
Interest expense	(18,125)	(12,295)	(52,573)	(42,150)
Non-operating expense, net	(17,851)	(12,044)	(51,959)	(41,413)
Income from continuing operations before income taxes	76,876	61,734	191,123	174,792
Provision for income taxes	(17,632)	(15,217)	(41,407)	(40,361)
Net income	$59,244	$46,517	$149,716	$134,431
Basic earnings per share	$0.87	$0.68	$2.18	$1.97
Weighted average shares used in computing basic earnings per share	68,355	68,269	68,619	68,100
Diluted earnings per share	$0.86	$0.68	$2.16	$1.95
Weighted average shares used in computing diluted earnings per share	68,820	68,911	69,170	68,810

See accompanying notes.

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

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Net income	$59,244	$46,517	$149,716	$134,431
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on hedging activities [1]	(978)	276	(3,932)	(4,488)
Net pension liability adjustment [2]	—	(885)	—	(885)
Foreign currency translation adjustment	(15,383)	(3,557)	(61,191)	(473)
Total other comprehensive loss	(16,361)	(4,166)	(65,123)	(5,846)
Comprehensive income	$42,883	$42,351	$84,593	$128,585

[1] Net of tax benefit (expense) of $638; $(180); $2,567; and $2,929 for the three and nine months ended August 31, 2015 and 2014, respectively.
[2] Net of tax benefit of $578 for the three and nine months ended August 31, 2014.

See accompanying notes.

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

	Nine months ended August 31,	
	2015	2014
Operating activities:		
Net income	$149,716	$134,431
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	174,757	149,347
Stock-based compensation expense	101,169	127,723
Impairment of assets	1,243	—
Excess tax benefit from stock-based compensation	(5,880)	(11,609)
Net periodic pension and postretirement expense	1,488	4,342
Pension and postretirement contributions	(3,018)	(2,080)
Deferred income taxes	(21,264)	8,337
Change in assets and liabilities:		
Accounts receivable, net	101,289	93,234
Other current assets	(20,392)	(11,490)
Accounts payable	1,997	(9,682)
Accrued expenses	(32,029)	(2,878)
Income tax	45,766	16,281
Deferred revenue	(1,344)	43,465
Other liabilities	3,163	3,029
Net cash provided by operating activities	496,661	542,450
Investing activities:		
Capital expenditures on property and equipment	(97,688)	(83,314)
Acquisitions of businesses, net of cash acquired	(369,908)	(133,938)
Intangible assets acquired	—	(714)
Change in other assets	3,262	3,846
Settlements of forward contracts	838	1,345
Net cash used in investing activities	(463,496)	(212,775)
Financing activities:		
Proceeds from borrowings	465,000	165,000
Repayment of borrowings	(222,258)	(439,317)
Excess tax benefit from stock-based compensation	5,880	11,609
Repurchases of common stock	(148,600)	(51,282)
Net cash provided by (used in) financing activities	100,022	(313,990)
Foreign exchange impact on cash balance	(22,738)	(12,239)
Net increase in cash and cash equivalents	110,449	3,446
Cash and cash equivalents at the beginning of the period	153,156	258,367
Cash and cash equivalents at the end of the period	$263,605	$261,813

See accompanying notes.

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

	Class A Common Stock Shares Outstanding	Amount	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at November 30, 2014 (Audited)	68,372	$694	$956,381	$(105,873)	$1,415,069	$ (106,725)	$2,159,546
Stock-based award activity	671	7	51,832	(4,865)	—	—	46,974
Excess tax benefit on vested shares	—	—	5,880	—	—	—	5,880
Repurchases of common stock	(864)	—	—	(106,011)	—	—	(106,011)
Net income	—	—	—	—	149,716	—	149,716
Other comprehensive loss	—	—	—	—	—	(65,123)	(65,123)
Balance at August 31, 2015	68,179	$701	$1,014,093	$(216,749)	$1,564,785	$ (171,848)	$2,190,982

See accompanying notes.

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

1. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of IHS Inc. (IHS, we, us, or our) have been prepared on substantially the same basis as our annual consolidated financial statements and should be read in conjunction with our annual report on Form 10-K for the year ended November 30, 2014. In our opinion, these condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented, and such adjustments are of a normal, recurring nature.

Our business has seasonal aspects. Our fourth quarter typically generates our highest quarterly levels of revenue and profit. Conversely, our first quarter generally has our lowest levels of revenue and profit. We also experience event-driven seasonality in our business; for instance, IHS Energy CERAWeek, an annual energy executive gathering, is held during our second quarter. Another example is the biennial release of the Boiler Pressure Vessel Code (BPVC) engineering standard, which generates revenue for us predominantly in the third quarter of every other year. We most recently recognized a benefit in connection with the BPVC release in the third quarter of 2015.

Recent Accounting Pronouncements

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

In May 2014, the FASB issued ASU 2014-09, which establishes a comprehensive new revenue recognition model designed to depict the transfer of goods or services to a customer in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The ASU allows for the use of either the full or modified retrospective transition method, and the standard will be effective for us in the first quarter of our fiscal year 2019, although early adoption is permitted. We are currently evaluating the impact of this new standard on our consolidated financial statements, as well as which transition method we intend to use.

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

In April 2015, the FASB issued ASU 2015-03, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The standard will be effective for us in the first quarter of our fiscal 2017, although early adoption is permitted. We expect that the only impact of this ASU on our financial statements will be the change in balance sheet presentation of our debt issuance costs.

In April 2015, the FASB issued ASU 2015-05, which provides guidance about a customer's accounting for fees paid in cloud computing arrangements. If a cloud computing arrangement includes a software license, then the customer should account for the software license element consistent with the acquisition of other software licenses. If the arrangement does not contain a software license, the customer should account for the arrangement as a service contract. The standard will be effective for us in the first quarter of our fiscal year 2017, although early adoption is permitted. We anticipate that we will adopt this standard using the prospective transition method, and do not expect that the adoption of this ASU will have a significant impact on our consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The standard will be effective for us in the first quarter of our fiscal year 2017, although early adoption is

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permitted. We do not expect that the adoption of this ASU will have a significant impact on our consolidated financial statements.

2. Business Combinations

During the nine months ended August 31, 2015, we completed the following acquisitions, none of which were material either individually or in the aggregate:

JOC Group Inc. (JOC Group). On December 9, 2014, we acquired JOC Group, a global supplier of U.S. seaborne trade intelligence. We acquired JOC Group in support of our strategy to build integrated workflow solutions that target critical industry and government needs relating to global trade.

Infonetics Research, Inc. (Infonetics). On December 15, 2014, we acquired Infonetics, a provider of communications technology market intelligence. We acquired Infonetics to support our objective of providing customers with a global, end-to-end view of the information and communications technology supply chain.

Rushmore Associates Limited (Rushmore Reviews). On February 3, 2015, we acquired Rushmore Reviews, a service provider for drilling and completions solutions in the oil and gas industry. We acquired Rushmore Reviews in order to complement our existing set of well information assets and expand them globally.

Dataium. On March 25, 2015, we acquired Dataium, a U.S.-based company that provides business intelligence and analysis to the automotive industry. We acquired Dataium in order to enhance our automotive offerings with Dataium's compilation and analysis of online automotive shopping behavior and markets.

Root Wireless, Inc. (RootMetrics). On April 17, 2015, we acquired RootMetrics, a provider of mobile network analytics. We acquired RootMetrics in order to strengthen our position in telecommunications analytics and market intelligence, particularly related to the mobile user experience.

The aggregate purchase price for these acquisitions was approximately $370 million, net of cash acquired. We have preliminarily allocated $139 million of the aggregate purchase price to amortizing intangible assets and $271 million to goodwill.

3. Intangible Assets

The following table presents details of our intangible assets, other than goodwill, as of August 31, 2015 and November 30, 2014 (in thousands):

	As of August 31, 2015			As of November 30, 2014		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:						
Information databases	$635,071	$(248,002)	$387,069	$607,655	$(210,105)	$397,550
Customer relationships	596,027	(143,960)	452,067	511,680	(116,138)	395,542
Developed computer software	133,237	(72,778)	60,459	138,940	(63,561)	75,379
Trademarks	169,111	(33,595)	135,516	163,739	(22,937)	140,802
Other	28,521	(10,867)	17,654	29,579	(8,844)	20,735
Total	$1,561,967	$(509,202)	$1,052,765	$1,451,593	$(421,585)	$1,030,008

Intangible assets not subject to amortization:						
Trademarks	59,031	—	59,031	61,101	—	61,101
Total intangible assets	$1,620,998	$(509,202)	$1,111,796	$1,512,694	$(421,585)	$1,091,109

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Intangible assets amortization expense was $37.7 million and $109.4 million for the three and nine months ended August 31, 2015, respectively, as compared to $33.2 million and $100.1 million for the three and nine months ended August 31, 2014. The following table presents the estimated future amortization expense related to intangible assets held as of August 31, 2015 (in thousands):

Year	Amount
Remainder of 2015	$36,421
2016	$139,226
2017	$124,635
2018	$109,731
2019	$96,970
Thereafter	$545,782

Goodwill, gross intangible assets, and net intangible assets were all subject to foreign currency translation effects. Changes in our goodwill and gross intangible assets from November 30, 2014 to August 31, 2015 were primarily the result of recent acquisitions, net of foreign currency effects. The change in net intangible assets was primarily due to current year amortization, partially offset by the acquisitions made in 2015.

4. Debt

The following table summarizes total indebtedness as of August 31, 2015 and November 30, 2014 (in thousands):

	August 31, 2015	November 30, 2014
2013 term loan	$673,750	$700,000
2014 revolving facility	655,000	385,000
5% senior notes due 2022	750,000	750,000
Capital leases	6,347	7,355
Total debt	$2,085,097	$1,842,355
Current portion	(36,014)	(36,257)
Total long-term debt	$2,049,083	$1,806,098

2013 term loan. In October 2014, we amended and restated our $700 million senior unsecured amortizing term loan agreement originally entered into in the third quarter of 2013 (2013 term loan). The 2013 term loan has a maturity date of October 2019. The interest rates for borrowings under the 2013 term loan are the applicable LIBOR plus a spread of 1.00 percent to 1.75 percent, depending upon our Leverage Ratio, which is defined as the ratio of Consolidated Funded Indebtedness to rolling four-quarter Consolidated Earnings Before Interest Expense, Taxes, Depreciation and Amortization (EBITDA), as such terms are defined in the term loan agreement.

2014 revolving facility. In October 2014, we entered into a $1.3 billion senior unsecured revolving credit agreement (2014 revolving facility). Commitments of $500 million are available for borrowing by certain of our foreign subsidiaries and $50 million is available for letters of credit. Subject to certain conditions, the 2014 revolving facility may be expanded by up to an aggregate of $500 million in additional commitments. Borrowings under the 2014 revolving facility mature in October 2019 and bear interest at the same rates and spreads as the 2013 term loan. A commitment fee on any unused balance is payable periodically and ranges from 0.13 percent to 0.30 percent based upon our Leverage Ratio. We had approximately $1.8 million of outstanding letters of credit under the 2014 revolving facility as of August 31, 2015, which reduces the available borrowing under the facility by an equivalent amount.

Both the 2013 term loan and the 2014 revolving facility contain certain financial and other covenants, including a maximum Leverage Ratio and a minimum Interest Coverage Ratio, as such terms are defined in the respective agreements. Both agreements allow for leverage up to 3.5x, with the ability to temporarily increase that leverage to 3.75x for two quarters.

5% senior notes due 2022 (5% Notes). In October 2014, we issued $750 million aggregate principal amount of senior unsecured notes due 2022 in an offering not subject to the registration requirements of the Securities Act of 1933, as amended (the Securities Act). In August 2015, we completed a registered exchange offer for the 5% Notes. The 5% Notes bear interest at a fixed rate of 5.000 percent and mature on November 1, 2022. Interest on the 5% Notes is due semiannually on May 1 and November 1 of each year, commencing May 1, 2015. We may redeem the 5% Notes in whole or in part at a redemption price

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equal to 100% of the principal amount of the notes plus the Applicable Premium, as defined in the indenture governing the 5% Notes. Additionally, at the option of the holders of the notes, we may be required to purchase all or a portion of the notes upon occurrence of a Change of Control Triggering Event as defined in the indenture, at a price equal to 101 percent of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. The indenture contains covenants that limit our ability to, among other things, incur or create liens and enter into sale and leaseback transactions. In addition, the indenture contains a covenant that limits our ability to consolidate or merge with another entity or to sell all or substantially all of our assets to another entity. The indenture contains customary default provisions.

As of August 31, 2015, we were in compliance with all of our debt covenants. We have classified short-term debt based on principal maturities and expected cash availability over the next 12 months. As of August 31, 2015, we had approximately $655 million of outstanding borrowings under the 2014 revolving facility at a current annual interest rate of 1.70 percent and approximately $674 million of outstanding borrowings under the 2013 term loan at a current weighted average annual interest rate of 2.51 percent, including the effect of the interest rate swaps described in Note 5.

The carrying value of our debt instruments other than our 5% Notes approximate their fair value because of the variable interest rates associated with those instruments. The fair value of the 5% Notes as of August 31, 2015 was approximately $763 million, and was measured using observable inputs in markets that are not active; consequently, we have classified the 5% Notes within Level 2 of the fair value hierarchy.

5. Derivatives

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

Interest Rate Swaps

To mitigate interest rate exposure on our outstanding floating rate debt, we utilize the following types of derivative instruments:

- Interest rate derivative contracts that effectively swap $200 million of floating rate debt at a 2.80 percent weighted-average fixed interest rate, plus the applicable spread on our floating rate debt. We entered into these swap contracts in January 2014, and the contracts expire in May and August 2020.

- Forward-starting interest rate derivative contracts that effectively swap $200 million of floating rate debt at a 2.93 percent weighted-average fixed interest rate, plus the applicable spread on our floating rate debt. We entered into these swap contracts in November 2013. The contracts take effect in November 2015, and the contracts expire in November 2020.

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

Foreign Currency Forwards

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

- Foreign currency forward contracts that hedge the foreign currency exposure on Euro-denominated receipts and British Pound-denominated expenses. Because the critical terms of the forward contracts and the forecasted cash flows coincide, there was no ineffectiveness associated with these contracts. We designated and accounted for these derivatives as cash flow hedges, with changes in fair value being deferred in AOCI in our consolidated balance sheets. There were no outstanding foreign currency forwards under these agreements as of August 31, 2015, and the notional amount of outstanding foreign currency forwards under these agreements as of November 30, 2014 was approximately $11.0 million.

- Short-term foreign currency forward contracts that manage market risks associated with fluctuations in balances that are denominated in currencies other than the local functional currency. We account for these forward contracts at fair value and recognize the associated realized and unrealized gains and losses in other expense, net, since we have not designated these contracts as hedges for accounting purposes. The following

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table summarizes the notional amounts of these outstanding foreign currency forward contracts as of August 31, 2015 and November 30, 2014 (in thousands):

	August 31, 2015		November 30, 2014	
Notional amount of currency pair:				
Contracts to buy USD with CAD	$	47,318	$	51,194
Contracts to buy CAD with GBP	C$	79,000	C$	50,000
Contracts to buy USD with EUR	$	10,014	$	12,517
Contracts to buy CHF with USD	CHF	15,000	CHF	9,000
Contracts to buy GBP with EUR	£	4,270	£	4,774
Contracts to buy USD with GBP	$	21,000	$	48,000
Contracts to buy GBP with USD	£	63,883	£	—
Contracts to buy USD with JPY	$	—	$	8,778
Contracts to buy USD with KRW	$	—	$	10,000
Contracts to buy USD with CNY	$	3,865	$	—

Fair Value of Derivatives

Since our derivative instruments are not listed on an exchange, we have evaluated fair value by reference to similar transactions in active markets; consequently, we have classified all of our derivative instruments within Level 2 of the fair value measurement hierarchy. The following table shows the classification, location, and fair value of our derivative instruments as of August 31, 2015 and November 30, 2014 (in thousands):

	Fair Value of Derivative Instruments		Location on consolidated balance sheets
	August 31, 2015	November 30, 2014	
Assets:			
Derivatives designated as accounting hedges:			
Foreign currency forwards	$—	$987	Other current assets
Derivatives not designated as accounting hedges:			
Foreign currency forwards	1,218	1,005	Other current assets
Total	$1,218	$1,992	
Liabilities:			
Derivatives designated as accounting hedges:			
Interest rate swaps	$22,616	$16,662	Other accrued expenses and other liabilities
Derivatives not designated as accounting hedges:			
Foreign currency forwards	1,942	475	Other accrued expenses
Total	$24,558	$17,137	

The net (gain) loss on foreign currency forwards that are not designated as hedging instruments for the three and nine months ended August 31, 2015 and 2014, respectively, was as follows (in thousands):

Amount of (gain) loss recognized in the consolidated statements of operations				Location on consolidated statements of operations
Three months ended August 31,		Nine months ended August 31,		
2015	2014	2015	2014	
$4,077	$(392)	$3,117	$(1,323)	Other expense, net

Foreign currency
forwards

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The following table provides information about the cumulative amount of unrecognized hedge losses recorded in AOCI, net of tax, as of August 31, 2015 and 2014, respectively, as well as the activity on our cash flow hedging instruments for the three and nine months ended August 31, 2015 and 2014, respectively (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Beginning balance	$(12,436)	$(6,963)	$(9,482)	$(2,199)
Amount of gain (loss) recognized in AOCI on derivative:				
Interest rate swaps	(1,134)	(366)	(4,629)	(5,645)
Foreign currency forwards	55	212	879	41
Amount of loss (gain) reclassified from AOCI into income:				
Interest rate swaps (1)	519	239	1,027	713
Foreign currency forwards (1)	(418)	191	(1,209)	403
Ending balance	$(13,414)	$(6,687)	$(13,414)	$(6,687)

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

The unrecognized gains relating to the foreign currency forwards are expected to be reclassified into revenue within the next 12 months, and approximately $8.3 million of the $22.6 million unrecognized pre-tax losses relating to the interest rate swaps are expected to be reclassified into interest expense within the next 12 months.

6. Restructuring Charges

During the nine months ended August 31, 2015, we eliminated 329 positions as part of resource refinement and alignment across most of our business functions, and we incurred additional direct and incremental costs related to lease abandonments and further consolidation of our legacy data centers. We expect to continue to incur costs related to these and other similar activities in future periods, resulting in additional restructuring charges.

During the nine months ended August 31, 2015, we recorded approximately $23.5 million of restructuring charges for these activities. Of these charges, approximately $17.5 million was recorded in the Americas segment, $4.9 million was recorded in the EMEA segment, and $1.2 million was recorded in the APAC segment.

The following table provides a reconciliation of the restructuring liability as of August 31, 2015 (in thousands):

	Employee Severance and Other Termination Benefits	Contract Termination Costs	Other	Total
Balance at November 30, 2014	$2,967	$17	$140	$3,124
Add: Restructuring costs incurred	22,093	611	1,381	24,085
Revision to prior estimates	(542)	—	—	(542)
Less: Amount paid	(22,406)	(94)	(1,413)	(23,913)
Balance at August 31, 2015	$2,112	$534	$108	$2,754

As of August 31, 2015, approximately $1.6 million of the remaining restructuring liability was in the Americas segment, approximately $0.9 million was in the EMEA segment, and approximately $0.3 million was in the APAC segment. The remaining $2.8 million restructuring liability is expected to be paid within the next 12 months.

7. Acquisition-related Costs

During the nine months ended August 31, 2015, we recorded approximately $0.6 million of direct and incremental costs associated with acquisition-related activities, primarily legal and professional fees, most of which was recorded in the Americas segment.

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The following table provides a reconciliation of the acquisition-related costs accrued liability as of August 31, 2015 (in thousands):

	Employee Severance and Other Termination Benefits	Contract Termination Costs	Other	Total
Balance at November 30, 2014	$586	$115	$417	$1,118
Add: Costs incurred	—	166	463	629
Revision to prior estimates	(12)	11	(35)	(36)
Less: Amount paid	(556)	(139)	(813)	(1,508)
Balance at August 31, 2015	$18	$153	$32	$203

As of August 31, 2015, the remaining acquisition-related costs accrued liability was primarily in the Americas segment. We expect that the remaining liability will be substantially paid within the next 12 months.

8. Pensions and Postretirement Benefits

Our net periodic pension expense (income) for the three and nine months ended August 31, 2015 and 2014 was comprised of the following (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Service costs incurred	$496	$1,516	$1,485	$7,609
Interest costs on projected benefit obligation	2,081	2,117	6,228	6,358
Expected return on plan assets	(2,183)	(2,088)	(6,528)	(6,312)
Amortization of prior service credit	—	(114)	—	(790)
Amortization of transitional obligation	—	11	—	33
Curtailment gain	—	(2,877)	—	(2,877)
Net periodic pension expense (income)	$394	$(1,435)	$1,185	$4,021

Our net periodic postretirement expense was comprised of the following for the three and nine months ended August 31, 2015 and 2014 (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Service costs incurred	$4	$4	$12	$12
Interest costs	97	103	291	309
Net periodic postretirement expense	$101	$107	$303	$321

In September 2015, we made a $3.2 million contribution to our U.S. RIP in order to increase plan funding.

9. Stock-based Compensation

Stock-based compensation expense for the three and nine months ended August 31, 2015 and 2014 was as follows (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Cost of revenue	$2,114	$2,906	$4,972	$6,277
Selling, general and administrative	31,221	44,821	96,197	121,446
Total stock-based compensation expense	$33,335	$47,727	$101,169	$127,723

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

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Income tax benefits	$10,683	$14,459	$32,428	$41,842

No stock-based compensation cost was capitalized during the three and nine months ended August 31, 2015 and 2014. As of August 31, 2015, there was $125.4 million of unrecognized stock-based compensation cost, adjusted for estimated forfeitures, related to unvested stock-based awards that will be recognized over a weighted-average period of approximately 1.5 years. Total unrecognized stock-based compensation cost will be adjusted for future changes in estimated forfeitures and changes in estimated achievement of performance goals.

Restricted Stock Units (RSUs). The following table summarizes RSU activity during the nine months ended August 31, 2015:

	Shares	Weighted-Average Grant Date Fair Value
	(in thousands)	
Balance at November 30, 2014	2,518	$102.24
Granted	981	$115.91
Vested	(1,043)	$115.61
Forfeited	(162)	$113.75
Balance at May 31, 2015	2,294	$101.20

The total fair value of RSUs that vested during the nine months ended August 31, 2015 was $120.6 million.

10. Income Taxes

Our effective tax rate is estimated based upon the effective tax rate expected to be applicable for the full year. Our effective tax rate for the three and nine months ended August 31, 2015 was 22.9 percent and 21.7 percent, respectively, compared to 24.6 percent and 23.1 percent for the same periods of 2014, due to the benefit of certain discrete items.

11. Commitments and Contingencies

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

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

12. Common Stock and Earnings per Share

Weighted-average shares of Class A common stock outstanding for the three and nine months ended August 31, 2015 and 2014 were calculated as follows (in thousands):

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Weighted-average shares outstanding:				
Shares used in basic EPS calculation	68,355	68,269	68,619	68,100
Effect of dilutive securities:				
Restricted stock units	465	642	551	710
Shares used in diluted EPS calculation	68,820	68,911	69,170	68,810

Share Repurchase Programs

In January 2015, our board of directors authorized us to repurchase up to $100 million of our Class A common stock in open market purchases or through privately negotiated transactions in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended (the Exchange Act), subject to market conditions, applicable legal requirements and other relevant factors. We completed this program in June 2015, repurchasing 816,205 shares at an average price of approximately $122.52 per share.

In June 2015, our board of directors authorized us to repurchase up to $500 million of our Class A common stock in open market purchases or through privately negotiated transactions in compliance with Rule 10b-18 under the Exchange Act, subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate IHS to repurchase any set dollar amount or number of shares and is scheduled to expire on November 30, 2017, but may be suspended at any time at our discretion. The amount authorized under this program is inclusive of share repurchases of our Class A common stock surrendered by employees in an amount equal to the statutory tax liability associated with the vesting of their equity awards, for which we pay the statutory tax on behalf of the employee. During the third quarter of 2015, we repurchased 48,085 shares under this program for a total of approximately $6.0 million, at an average price of approximately $124.75 per share.

13. Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in AOCI by component (net of tax) for the nine months ended August 31, 2015 (in thousands):

	Foreign currency translation	Net pension and OPEB liability	Unrealized losses on hedging activities	Total
Balance at November 30, 2014	$(83,634)	$(13,609)	$(9,482)	$(106,725)
Other comprehensive loss before reclassifications	(61,191)	—	(3,750)	(64,941)
Reclassifications from AOCI to income	—	—	(182)	(182)
Balance at August 31, 2015	$(144,825)	$(13,609)	$(13,414)	$(171,848)

14. Segment Information

We prepare our financial reports and analyze our business results within our three reportable geographic segments: Americas, EMEA, and APAC. We evaluate segment performance primarily at the revenue and operating profit level for each of these three segments. We also evaluate revenues by transaction type and product category.
Information about the operations of our three segments is set forth below. No single customer accounted for 10% or more of our total revenue for the three and nine months ended August 31, 2015 and 2014. There are no material inter-segment revenues for any period presented. Certain corporate transactions are not allocated to the reportable segments, including such items as stock-based compensation expense, net periodic pension and postretirement

expense, corporate-level impairments, and gain (loss) on sale of corporate assets.

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	Americas	EMEA	APAC	Shared Services	Consolidated Total
	(In thousands)				
Three months ended August 31, 2015					
Revenue	$396,969	$134,526	$56,450	$—	$587,945
Operating income	$92,703	$38,170	$15,153	$(51,299)	$94,727
Depreciation and amortization	$50,879	$5,971	$1,038	$2,040	$59,928
Three months ended August 31, 2014					
Revenue	$363,449	$138,120	$54,442	$—	$556,011
Operating income	$90,178	$35,166	$10,587	$(62,153)	$73,778
Depreciation and amortization	$41,846	$5,057	$2,317	$1,348	$50,568
Nine months ended August 31, 2015					
Revenue	$1,164,931	$398,203	$162,479	$—	$1,725,613
Operating income	$252,244	$95,118	$39,750	$(144,030)	$243,082
Depreciation and amortization	$146,381	$18,505	$3,951	$5,920	$174,757
Nine months ended August 31, 2014					
Revenue	$1,090,656	$403,828	$153,993	$—	$1,648,477
Operating income	$261,375	$94,226	$33,587	$(172,983)	$216,205
Depreciation and amortization	$124,414	$16,162	$3,405	$5,366	$149,347

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

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Subscription revenue	$466,600	$432,128	$1,374,088	$1,275,848
Non-subscription revenue	121,345	123,883	351,525	372,629
Total revenue	$587,945	$556,011	$1,725,613	$1,648,477

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

	Three months ended August 31,		Nine months ended August 31,	
	2015	2014	2015	2014
Resources revenue	$217,713	$229,107	$669,955	$690,477
Industrials revenue	228,227	185,267	645,353	538,336
Horizontal products revenue	142,005	141,637	410,305	419,664
Total revenue	$587,945	$556,011	$1,725,613	$1,648,477

15. Supplemental Guarantor Information

Our 5% Notes are fully and unconditionally guaranteed on a senior unsecured basis, jointly and severally, by the following wholly owned subsidiaries of IHS Inc. (collectively, the Guarantor Subsidiaries):

- IHS Holding Inc.
- IHS Global Inc.
- R.L. Polk & Co.
- CARFAX, Inc.

The guarantees of our 5% Notes by the Guarantor Subsidiaries contain customary release provisions, which provide for the termination of such guarantees upon (i) the sale or other disposition (including by way of consolidation or merger) of the Guarantor Subsidiary or the sale or disposition of all or substantially all the assets of the Guarantor Subsidiary (in each case other than to the parent company (IHS Inc.) or another subsidiary of the parent company), (ii) the defeasance of the 5% Notes, (iii) at such time as the Guarantor Subsidiary ceases to be a guarantor of any significant indebtedness of the company, or (iv) if approved by the holders of the 5% Notes (except as provided in the indenture governing the 5% Notes).

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The following supplemental tables present condensed consolidating financial information for the parent company, the Guarantor Subsidiaries on a combined basis, and the non-guarantor subsidiaries on a combined basis.

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CONDENSED CONSOLIDATING BALANCE SHEET
AS OF AUGUST 31, 2015
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$—	$11,589	$252,016	$—	$263,605
Accounts receivable, net	—	182,595	148,078	—	330,673
Income tax receivable	41,255	—	—	(41,255)	—
Deferred subscription costs	—	52,941	31,820	(31,605)	53,156
Deferred income taxes	55,841	28,585	5,783	(12,182)	78,027
Intercompany receivables	539,653	81,434	181,748	(802,835)	—
Other	1,855	43,137	19,795	—	64,787
Total current assets	638,604	400,281	639,240	(887,877)	790,248
Non-current assets:					
Property and equipment, net	—	269,507	53,295	—	322,802
Intangible assets, net	—	810,060	301,736	—	1,111,796
Goodwill	—	2,334,529	1,066,110	—	3,400,639
Investment in subsidiaries	2,336,071	1,759,565	—	(4,095,636)	—
Intercompany notes receivable	—	—	724,039	(724,039)	—
Other	10,498	12,234	1,382	—	24,114
Total non-current assets	2,346,569	5,185,895	2,146,562	(4,819,675)	4,859,351
Total assets	$2,985,173	$5,586,176	$2,785,802	$(5,707,552)	$5,649,599
Liabilities and stockholders' equity					
Current liabilities:					
Short-term debt	$—	$36,014	$—	$—	$36,014
Accounts payable	5	36,866	20,842	—	57,713
Accrued compensation	—	68,226	20,752	—	88,978
Accrued royalties	—	17,686	6,298	—	23,984
Other accrued expenses	12,800	72,005	32,370	—	117,175
Income tax payable	—	45,193	27,795	(41,255)	31,733
Deferred revenue	—	350,723	287,955	(31,605)	607,073
Intercompany payables	10,802	728,565	63,468	(802,835)	—
Total current liabilities	23,607	1,355,278	459,480	(875,695)	962,670
Long-term debt	750,000	1,299,083	—	—	2,049,083
Accrued pension and postretirement liability	19,795	8,658	(842)	—	27,611
Deferred income taxes	—	283,897	84,217	(12,182)	355,932
Intercompany notes payable	—	724,039	—	(724,039)	—
Other liabilities	789	44,688	17,844	—	63,321
Total stockholders' equity	2,190,982	1,870,533	2,225,103	(4,095,636)	2,190,982
Total liabilities and stockholders' equity	$2,985,173	$5,586,176	$2,785,802	$(5,707,552)	$5,649,599

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CONDENSED CONSOLIDATING BALANCE SHEET
AS OF NOVEMBER 30, 2014
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$—	$32,314	$120,842	$—	$153,156
Accounts receivable, net	—	212,711	208,663	—	421,374
Income tax receivable	18,000	16,384	—	(32,101)	2,283
Deferred subscription costs	—	53,272	28,048	(30,299)	51,021
Deferred income taxes	59,594	28,585	5,782	(12,181)	81,780
Intercompany receivables	712,976	174,161	291,873	(1,179,010)	—
Other	1,669	41,481	17,823	—	60,973
Total current assets	792,239	558,908	673,031	(1,253,591)	770,587
Non-current assets:					
Property and equipment, net	—	246,498	54,921	—	301,419
Intangible assets, net	—	826,152	264,957	—	1,091,109
Goodwill	—	2,258,393	898,931	—	3,157,324
Investment in subsidiaries	2,249,359	1,748,795	—	(3,998,154)	—
Intercompany notes receivable	—	—	740,879	(740,879)	—
Other	11,498	13,701	2,792	—	27,991
Total non-current assets	2,260,857	5,093,539	1,962,480	(4,739,033)	4,577,843
Total assets	$3,053,096	$5,652,447	$2,635,511	$(5,992,624)	$5,348,430
Liabilities and stockholders' equity					
Current liabilities:					
Short-term debt	$—	$35,974	$283	$—	$36,257
Accounts payable	93	31,083	21,069	—	52,245
Accrued compensation	—	57,651	44,224	—	101,875
Accrued royalties	—	24,590	12,756	—	37,346
Other accrued expenses	3,830	91,131	36,186	—	131,147
Income tax payable	—	—	32,101	(32,101)	—
Deferred revenue	—	317,144	309,342	(30,299)	596,187
Intercompany payables	119,268	1,056,664	3,078	(1,179,010)	—
Total current liabilities	123,191	1,614,237	459,039	(1,241,410)	955,057
Long-term debt	750,000	1,056,098	—	—	1,806,098
Accrued pension and postretirement liability	19,603	8,869	667	—	29,139
Deferred income taxes	—	311,796	47,804	(12,181)	347,419
Intercompany notes payable	—	740,879	—	(740,879)	—
Other liabilities	756	30,887	19,528	—	51,171
Total stockholders' equity	2,159,546	1,889,681	2,108,473	(3,998,154)	2,159,546
Total liabilities and stockholders' equity	$3,053,096	$5,652,447	$2,635,511	$(5,992,624)	$5,348,430

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED AUGUST 31, 2015
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$—	$449,660	$ 159,444	$(21,159)	$587,945
Operating expenses:					
Cost of revenue	—	222,391	21,579	(21,159)	222,811
Selling, general and administrative	4,038	147,476	56,230	—	207,744
Depreciation and amortization	—	45,313	14,615	—	59,928
Restructuring charges	—	831	1,059	—	1,890
Acquisition-related costs	—	172	(56)	—	116
Net periodic pension and postretirement expense (income)	7	566	(78)	—	495
Other expense (income), net	—	(249)	483	—	234
Total operating expenses	4,045	416,500	93,832	(21,159)	493,218
Operating income (loss)	(4,045)	33,160	65,612	—	94,727
Interest income	—	366	520	(612)	274
Interest expense	(9,791)	(8,946)	—	612	(18,125)
Non-operating expense, net	(9,791)	(8,580)	520	—	(17,851)
Income (loss) from continuing operations before income taxes	(13,836)	24,580	66,132	—	76,876
Benefit (provision) for income taxes	5,466	(9,709)	(13,389)	—	(17,632)
Income (loss) from continuing operations	(8,370)	14,871	52,743	—	59,244
Equity in net income (loss) of subsidiaries	67,614	(7,991)	—	(59,623)	—
Net income	$59,244	$6,880	$ 52,743	$(59,623)	$59,244

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED AUGUST 31, 2014
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$—	$378,031	$ 182,011	$(4,031)	$556,011
Operating expenses:					
Cost of revenue	—	166,343	56,896	(4,031)	219,208
Selling, general and administrative	3,394	150,425	57,466	—	211,285
Depreciation and amortization	—	43,408	7,160	—	50,568
Restructuring charges	—	1,337	1,031	—	2,368
Acquisition-related costs	—	—	—	—	—
Net periodic pension and postretirement income	(14)	(1,314)	—	—	(1,328)
Other expense (income), net	—	(1,662)	1,794	—	132
Total operating expenses	3,380	358,537	124,347	(4,031)	482,233
Operating income (loss)	(3,380)	19,494	57,664	—	73,778
Interest income	—	—	264	(13)	251
Interest expense	—	(12,113)	(195)	13	(12,295)
Non-operating income (expense), net	—	(12,113)	69	—	(12,044)
Income (loss) from continuing operations before income taxes	(3,380)	7,381	57,733	—	61,734
Benefit (provision) for income taxes	1,335	(2,914)	(13,638)	—	(15,217)
Income (loss) from continuing operations	(2,045)	4,467	44,095	—	46,517
Equity in net income of subsidiaries	48,562	57,239	—	(105,801)	—
Net income	$46,517	$61,706	$ 44,095	$(105,801)	$46,517

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED AUGUST 31, 2015
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$—	$1,238,424	$ 537,294	$(50,105)	$1,725,613
Operating expenses:					
Cost of revenue	—	628,291	88,474	(50,105)	666,660
Selling, general and administrative	10,710	407,800	195,652	—	614,162
Depreciation and amortization	—	125,717	49,040	—	174,757
Restructuring charges	—	14,589	8,954	—	23,543
Acquisition-related costs	—	522	71	—	593
Net periodic pension and postretirement expense (income)	22	1,697	(231)	—	1,488
Other expense, net	—	112	1,216	—	1,328
Total operating expenses	10,732	1,178,728	343,176	(50,105)	1,482,531
Operating income (loss)	(10,732)	59,696	194,118	—	243,082
Interest income	10,349	446	1,569	(11,750)	614
Interest expense	(29,393)	(24,932)	(9,998)	11,750	(52,573)
Non-operating expense, net	(19,044)	(24,486)	(8,429)	—	(51,959)
Income (loss) from continuing operations before income taxes	(29,776)	35,210	185,689	—	191,123
Benefit (provision) for income taxes	11,762	(13,908)	(39,261)	—	(41,407)
Income (loss) from continuing operations	(18,014)	21,302	146,428	—	149,716
Equity in net income of subsidiaries	167,730	7,273	—	(175,003)	—
Net income	$149,716	$28,575	$ 146,428	$(175,003)	$149,716

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED AUGUST 31, 2014
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$—	$1,139,857	$ 539,240	$(30,620)	$1,648,477
Operating expenses:					
Cost of revenue	—	566,692	121,006	(30,620)	657,078
Selling, general and administrative	9,235	385,177	218,233	—	612,645
Depreciation and amortization	—	112,233	37,114	—	149,347
Restructuring charges	—	3,159	3,244	—	6,403
Acquisition-related costs	—	466	551	—	1,017
Net periodic pension and postretirement expense	54	4,288	—	—	4,342
Other expense (income), net	—	(1,394)	2,834	—	1,440
Total operating expenses	9,289	1,070,621	382,982	(30,620)	1,432,272
Operating income (loss)	(9,289)	69,236	156,258	—	216,205
Interest income	—	471	700	(434)	737
Interest expense	—	(41,319)	(1,265)	434	(42,150)
Non-operating expense, net	—	(40,848)	(565)	—	(41,413)
Income (loss) from continuing operations before income taxes	(9,289)	28,388	155,693	—	174,792
Benefit (provision) for income taxes	3,669	(11,213)	(32,817)	—	(40,361)
Income (loss) from continuing operations	(5,620)	17,175	122,876	—	134,431
Equity in net income of subsidiaries	140,051	73,239	—	(213,290)	—
Net income	$134,431	$90,414	$ 122,876	$(213,290)	$134,431

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CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Three months ended August 31, 2015					
Comprehensive income (loss)	$42,883	$(9,118)	$ 36,997	$(27,879)	$42,883
Three months ended August 31, 2014					
Comprehensive income	$42,351	$57,139	$ 40,938	$(98,077)	$42,351
Nine months ended August 31, 2015					
Comprehensive income (loss)	$84,593	$(36,218)	$ 84,907	$(48,689)	$84,593
Nine months ended August 31, 2014					
Comprehensive income	$128,585	$84,052	$ 122,918	$(206,970)	$128,585

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED AUGUST 31, 2015
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Net cash provided by operating activities	$—	$285,931	$ 210,730	$—	$496,661
Investing activities:					
Capital expenditures on property and equipment	—	(85,879)	(11,809)	—	(97,688)
Acquisitions of businesses, net of cash acquired	—	(324,393)	(45,515)	—	(369,908)
Change in other assets	—	3,262	—	—	3,262
Settlements of forward contracts	—	—	838	—	838
Advances provided to other subsidiaries	—	—	(150)	150	—
Investment in subsidiaries	—	(100)	—	100	—
Net cash used in investing activities	—	(407,110)	(56,636)	250	(463,496)
Financing activities:					
Proceeds from borrowings	—	465,000	—	—	465,000
Repayment of borrowings	—	(221,976)	(282)	—	(222,258)
Excess tax benefit from stock-based compensation	—	5,880	—	—	5,880
Repurchases of common stock	—	(148,600)	—	—	(148,600)
Advances received from other subsidiaries	—	150	—	(150)	—
Proceeds from issuance of intercompany equity	—	—	100	(100)	—
Net cash provided by (used in) financing activities	—	100,454	(182)	(250)	100,022
Foreign exchange impact on cash balance	—	—	(22,738)	—	(22,738)
Net increase (decrease) in cash and cash equivalents	—	(20,725)	131,174	—	110,449
Cash and cash equivalents at the beginning of the period	—	32,314	120,842	—	153,156
Cash and cash equivalents at the end of the period	$—	$11,589	$ 252,016	$—	$263,605

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED AUGUST 31, 2014
(In thousands)

	IHS Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Net cash provided by operating activities	$—	$318,991	$ 223,459	$—	$542,450
Investing activities:					
Capital expenditures on property and equipment	—	(72,329)	(10,985)	—	(83,314)
Acquisitions of businesses, net of cash acquired	—	(130,319)	(3,619)	—	(133,938)
Intangible assets acquired	—	—	(714)	—	(714)
Change in other assets	—	3,846	—	—	3,846
Settlements of forward contracts	—	—	1,345	—	1,345
Advances provided to other subsidiaries	—	—	(24,754)	24,754	—
Investment in subsidiaries	—	(112)	(50)	162	—
Intercompany dividends received from subsidiaries	—	—	55,000	(55,000)	—
Net cash provided by (used in) investing activities	—	(198,914)	16,223	(30,084)	(212,775)
Financing activities:					
Proceeds from borrowings	—	165,000	—	—	165,000
Repayment of borrowings	—	(299,608)	(139,709)	—	(439,317)
Excess tax benefit from stock-based compensation	—	11,609	—	—	11,609
Repurchases of common stock	—	(51,282)	—	—	(51,282)
Advances received from other subsidiaries	—	24,754	—	(24,754)	—
Proceeds from issuance of intercompany equity	—	—	162	(162)	—
Intercompany dividends paid to subsidiaries	—	—	(55,000)	55,000	—
Net cash used in financing activities	—	(149,527)	(194,547)	30,084	(313,990)
Foreign exchange impact on cash balance	—	—	(12,239)	—	(12,239)
Net increase (decrease) in cash and cash equivalents	—	(29,450)	32,896	—	3,446
Cash and cash equivalents at the beginning of the period	—	56,207	202,160	—	258,367
Cash and cash equivalents at the end of the period	$—	$26,757	$ 235,056	$—	$261,813

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

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand the financial condition and results of operations of IHS Inc. (IHS, we, us, or our) as of and for the periods presented. The following discussion should be read in conjunction with our annual report on Form 10-K for the year ended November 30, 2014 and the Condensed Consolidated Financial Statements and accompanying notes included in this quarterly report on Form 10-Q. References to 2015 are to our fiscal year 2015, which began on December 1, 2014 and ends on November 30, 2015.

Executive Summary

Business Overview

We are a leading source of information, insight and analytics in critical areas that shape today's business landscape. Businesses and governments in more than 150 countries around the globe rely on our comprehensive content, expert independent analysis, and flexible delivery methods. Our aim is to embed our solutions within the entire spectrum of our customers' organization, enabling executive-level capital deployment strategies and following decision-making activities throughout their organizations to front-line employees tasked with managing their company's complex core daily operations. We have been in business since 1959 and became a publicly traded company on the New York Stock Exchange in 2005.

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Headquartered in Englewood, Colorado, USA, we are committed to sustainable, profitable growth and employ approximately 8,800 people in 32 countries around the world.

Inherent in all of our strategies is a firm commitment to put our customers first in everything that we do. To best serve our customers and be as close to them as possible, we are organized by geographies into three business segments: Americas, EMEA, and APAC. Our integrated global organization is designed to make it easier for our customers to do business with us by providing a cohesive, consistent, and effective sales-and-marketing approach in each local region.

Subscriptions represented approximately 79 percent of our total revenue in the third quarter of 2015. Our subscription agreements are typically annual and non-cancellable for the term of the subscription and may contain provisions for minimum monthly payments. For subscription revenue, the timing of our cash flows generally precedes the recognition of revenue and income, and therefore, we typically have good revenue visibility.

Our business has seasonal aspects. Our fourth quarter typically generates our highest quarterly levels of revenue and profit. Conversely, our first quarter generally has our lowest levels of revenue and profit. We also experience event-driven seasonality in our business; for instance, IHS Energy CERAWeek, an annual energy executive gathering, is held during our second quarter. Another example is the biennial release of the Boiler Pressure Vessel Code (BPVC) engineering standard, which generates revenue for us predominantly in the third quarter of every other year. We most recently recognized a benefit in connection with the BPVC release in the third quarter of 2015.

In 2015, we continue to focus on our key strategic priorities:

- Operational excellence. Operational excellence encompasses our efforts to continuously improve our internal systems and processes to help us become more efficient, as well as allow us to capture new growth and expand margins as we strive to fully leverage a common global infrastructure.

- Commercial expansion. We expect to continue our pace of new and integrated product platform releases and offerings, and we continue to develop and release product platforms across the various workflows we service. We also continue to target high potential and new opportunity accounts through our sales initiatives.

Global Operations

Approximately 40 percent of our revenue is generated outside of the United States; however, only about 20 percent of our revenue is transacted in currencies other than the U.S. dollar. As a result, a strengthening U.S. dollar relative to certain currencies has historically resulted in a negative impact to our revenue; conversely, a weakening U.S. dollar has historically resulted in a positive impact to our revenue. However, the impact on operating income is diminished due to certain operating expenses denominated in currencies other than the U.S. dollar. Our largest foreign currency exposures are the British Pound, Canadian Dollar, and Euro.

Key Performance Indicators

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

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

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

- Acquisitive – We define acquisitive revenue as the revenue generated from acquired products and services from the date of acquisition to the first anniversary date of that acquisition. This type of growth comes as a result of our strategy to purchase, integrate, and leverage the value of assets we acquire. We also include the impact of divestitures in this growth metric.

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

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

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

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

We also measure and report revenue by product category, which helps us understand performance based on our capabilities within key vertical industries and horizontal workflows.

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

EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA are used by many of our investors, research analysts, investment bankers, and lenders to assess our operating performance. For example, a measure similar to Adjusted EBITDA is required by the lenders under our 2013 term loan and 2014 revolving facility. We define EBITDA as net income plus or minus net interest, plus provision for income taxes, depreciation, and amortization. Our definition of Adjusted EBITDA further excludes primarily non-cash items and other items that we do not consider to be useful in assessing our operating performance (e.g., stock-based compensation expense, restructuring charges, acquisition-related costs, asset impairment charges, gain or loss on sale of assets, gain or loss on debt extinguishment, pension mark-to-market and settlement expense, and income or loss from discontinued operations).

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

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

Results of Operations

Total Revenue

Third quarter 2015 revenue increased 6 percent compared to the third quarter of 2014, and our year-to-date 2015 revenue increased 5 percent compared to the same period in 2014. The table below displays the percentage change in revenue due to organic, acquisitive, and foreign currency factors when comparing the three and nine months ended August 31, 2015 to the three and nine months ended August 31, 2014.

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(All amounts represent percentage points)	Change in Total Revenue Organic	Acquisitive	Foreign Currency
Third quarter 2015 vs. third quarter 2014	3 %	5 %	(2)%
Year-to-date 2015 vs. year-to-date 2014	2 %	5 %	(2)%

Organic growth for the three and nine months ended August 31, 2015, compared to the same periods of 2014, was primarily attributable to organic subscription growth, partially offset by negative non-subscription organic growth. Organic subscription growth was positive across the business, at 5 percent for the three and nine months ended August 31, 2015, compared to the same periods of 2014. We continue to benefit from strength in our Industrials product category, offset by lower Resources organic revenue growth from market pressure in our energy product offerings. Non-subscription organic revenue results were adversely impacted by lower consulting, software, and services revenue, mostly in our Resources product category, but were partially offset by the approximately $8 million positive sales impact associated with the biennial cycle of the BPVC, which was released in the third quarter of 2015.

Acquisitive revenue growth for the three and nine months ended August 31, 2015, compared to the same periods of 2014, was due to acquisitions we made in the last 12 months, including the following:

- Global Trade Information Services and PCI Acrylonitrile in the third quarter of 2014;
- DisplaySearch/Solarbuzz and PacWest Consulting Partners in the fourth quarter of 2014;
- JOC Group, Infonetics, and Rushmore Reviews in the first quarter of 2015; and
- Dataium and RootMetrics in the second quarter of 2015.

Foreign currency had an adverse effect on our year-over-year revenue growth as the U.S. dollar continued to maintain its strength against foreign currencies. We anticipate continued negative foreign currency impacts on year-over-year revenue comparisons through the remainder of 2015.

Revenue by Segment

(In thousands, except percentages)	Three months ended August 31, 2015	2014	Percentage Change	Nine months ended August 31, 2015	2014	Percentage Change
Revenue:						
Americas	$396,969	$363,449	9 %	$1,164,931	$1,090,656	7 %
EMEA	134,526	138,120	(3)%	398,203	403,828	(1)%
APAC	56,450	54,442	4 %	162,479	153,993	6 %
Total revenue	$587,945	$556,011	6 %	$1,725,613	$1,648,477	5 %
As a percent of total revenue:						
Americas	68 %	65 %		68 %	66 %	
EMEA	23 %	25 %		23 %	24 %	
APAC	10 %	10 %		9 %	9 %	

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

(All amounts represent percentage points)	Increase (decrease) in revenue Third quarter 2015 vs. third quarter 2014 Organic	Acquisitive	Foreign Currency	Year-to-date 2015 vs. year-to-date 2014 Organic	Acquisitive	Foreign Currency
Americas	5 %	6 %	(1)%	3 %	5 %	(1)%

EMEA	(2)%	4%	(4)%	—%	3%	(4)%
APAC	—%	6%	(3)%	1%	6%	(2)%

Americas revenue for the three and nine months ended August 31, 2015, compared to the same periods of 2014, experienced steady organic subscription growth at 6 percent for the three and nine months, benefiting primarily from strong Industrials performance, which offset lower Resources growth. Non-subscription organic growth was 2 percent for the three

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months and negative 9 percent for the nine months. The positive third quarter result was primarily due to the biennial cycle of the BPVC release, while the results for the three and nine months have been adversely impacted by lower consulting, software, and services revenue, primarily in our Resources product category.

EMEA revenue for the three and nine months ended August 31, 2015, compared to the same periods of 2014, experienced organic subscription growth at 1 percent for the three months and 3 percent for the nine months, reflecting an overall slowing in the region. Non-subscription organic growth was negative 17 percent for the three months and negative 11 percent for the nine months, and was adversely impacted by lower software and consulting revenue.

APAC revenue for the three and nine months ended August 31, 2015, compared to the same periods of 2014, experienced organic subscription growth at 6 percent for the three and nine months, benefiting primarily from strong Industrials and Horizontal Products performance. Non-subscription organic growth was negative 14 percent for the three months and negative 13 percent for the nine months, and was adversely impacted primarily by lower software and consulting revenue in our Resources product category, partially offset by the increase in BPVC revenue in the Horizontal Products category.

Revenue by Transaction Type

	Three months ended August 31,		Percent change		Nine months ended August 31,		Percent change	
(in thousands, except percentages)	2015	2014	Total	Organic	2015	2014	Total	Organic
Subscription revenue	$466,600	$432,128	8 %	5 %	$1,374,088	$1,275,848	8 %	5 %
Non-subscription revenue	121,345	123,883	(2)%	(4)%	351,525	372,629	(6)%	(10)%
Total revenue	$587,945	$556,011	6 %	3 %	$1,725,613	$1,648,477	5 %	2 %
As a percent of total revenue:								
Subscription	79 %	78 %			80 %	77 %		
Non-subscription	21 %	22 %			20 %	23 %		

Subscription revenue grew at 5 percent organically for the three and nine months ended August 31, 2015, respectively, compared to the same periods of 2014, with Industrials subscription offerings providing the largest contribution to the growth and a smaller contribution from Resources due to energy market headwinds. We expect continued pressure on our Resources organic subscription growth rate, as lower current sales activity will be reflected in the earned revenue performance of future periods.

Non-subscription revenue decreased 4 percent and 10 percent organically for the three and nine months ended August 31, 2015, respectively, compared to the same periods of 2014, due to lower consulting, software, and services revenue, primarily in our Resources product category and energy market headwinds in our Horizontal Products category, partially offset by third quarter 2015 BPVC sales.

Revenue by Product Category

	Three months ended August 31,		Percent change		Nine months ended August 31,		Percent change	
(in thousands, except percentages)	2015	2014	Total	Organic	2015	2014	Total	Organic
Resources revenue	$217,713	$229,107	(5)%	(4)%	$669,955	$690,477	(3)%	(3)%

Industrials revenue	228,227	185,267	23%	11%	645,353	538,336	20%	8%
Horizontal products revenue	142,005	141,637	—%	4%	410,305	419,664	(2)%	1%
Total revenue	$587,945	$556,011	6%	3%	$1,725,613	$1,648,477	5%	