Philip Morris International Inc.
Form 424B2
May 08, 2014
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Filed Pursuant to Rule 424(b)(2)

Registration No. 333-194059

CALCULATION OF REGISTRATION FEE

Class of Securities to be Registered	Amount to be Registered(1)	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(2)(3)
2.875% Notes due May 14, 2029	$697,000,000	99.316%	$692,232,520	$89,159.55

(1) 500,000,000 aggregate principal amount of notes will be issued. $697,000,000 Amount to be Registered is based on the May 6, 2014 euro/U.S.$ exchange rate of euro 1/U.S.$1.394.
(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. The total registration fee due for this offering is $89,159.55.
(3) Paid herewith.

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Prospectus Supplement to Prospectus dated February 21, 2014

Philip Morris International Inc.

500,000,000 2.875% Notes due 2029

The notes will mature on May 14, 2029. Interest on the notes is payable annually on May 14 of each year, beginning May 14, 2015. We may not redeem the notes prior to maturity unless specified events occur involving United States taxation. The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other senior unsecured indebtedness from time to time outstanding. The notes will be issued only in denominations of 100,000 and integral multiples of 1,000 in excess thereof.

Application will be made to have the notes listed on the New York Stock Exchange.

See Risk Factors on page S-5 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the attached prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price		Underwriting Discount		Proceeds to Us (before expenses)	
	Per Note	Total	Per Note	Total	Per Note	Total
2.875% Notes due 2029	99.316%	496,580,000	0.325%	1,625,000	98.991%	494,955,000

The public offering price set forth above does not include accrued interest. Interest on the notes will accrue from May 13, 2014.

The underwriters expect to deliver the notes to purchasers in book-entry form through Clearstream Banking, *société anonyme*, or Clearstream, or Euroclear Bank S.A./N.V., or Euroclear, on or about May 13, 2014.

Joint Book-Running Managers

Barclays	**ING**	**The Royal Bank of Scotland**

Prospectus Supplement dated May 6, 2014

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PROSPECTUS SUPPLEMENT

PROSPECTUS

We have not, and the underwriters have not, authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus supplement, any related free writing prospectus and the attached prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If the information varies between this prospectus supplement and the attached prospectus, the information in this prospectus supplement supersedes the information in the attached prospectus. We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this prospectus supplement, any related free writing prospectus or the attached prospectus, nor any sale made hereunder and thereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, any related free writing prospectus or the attached prospectus, regardless of the time of delivery of such document or any sale of securities offered hereby or thereby, or that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to the date of such information.

In connection with the issuance of the notes, The Royal Bank of Scotland plc, as stabilizing manager (or persons acting on its behalf), may over-allot notes or effect transactions with a view to supporting the price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilizing manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made and, if begun, may be ended at any time, but it must end no later than 30 calendar days after the date on which Philip Morris International Inc. received the proceeds of the issue, or no later than 60 calendar days after the date of the allotment of the notes, whichever is the earlier. Such stabilization shall be conducted in accordance with all applicable laws and rules.

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The distribution of this prospectus supplement and the attached prospectus and the offering or sale of the notes in some jurisdictions may be restricted by law. The notes are offered globally for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers. Persons into whose possession this prospectus supplement and the attached prospectus come are required by us and the underwriters to inform themselves about, and to observe, any applicable restrictions. This prospectus supplement and the attached prospectus may not be used for or in connection with an offer or solicitation by any person in any jurisdiction in which that offer or solicitation is not authorized or to any person to whom it is unlawful to make that offer or solicitation. See Offering Restrictions in this prospectus supplement.

Notice to Prospective Investors in the European Economic Area

This prospectus supplement and the attached prospectus have been prepared on the basis that any offer of notes in any Member State of the European Economic Area (the EEA) that has implemented the Prospectus Directive (2003/71/EC) (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to produce a prospectus for offers of notes. Accordingly, any person making or intending to make any offer in that Relevant Member State of notes which are the subject of the offering contemplated by this prospectus supplement and the attached prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized, nor do we or they authorize, the making of any offer of notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

Notice to Prospective Investors in the United Kingdom

This prospectus supplement and attached prospectus are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive and that are also (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (2) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a Relevant Person). This prospectus supplement and attached prospectus and their contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus supplement and/or attached prospectus or any of their contents.

This prospectus supplement and attached prospectus have not been approved for the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (FSMA) by a person authorized under FSMA. This prospectus supplement and the attached prospectus are being distributed and communicated to persons in the United Kingdom only in circumstances in which Section 21(1) of FSMA does not apply.

The notes are not being offered or sold to any person in the United Kingdom except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of FSMA.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement contains the terms of this offering of notes. This prospectus supplement, or the information incorporated by reference in this prospectus supplement, may add, update or change information in the attached prospectus. If information in this prospectus supplement or the information that is incorporated by reference in this prospectus supplement is inconsistent with the attached prospectus, this prospectus supplement, or the information incorporated by reference in this prospectus supplement, will apply and will supersede that information in the attached prospectus.

It is important for you to read and consider all information contained in this prospectus supplement, the attached prospectus and any related free writing prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to in Documents Incorporated by Reference in this prospectus supplement and Where You Can Find More Information in the attached prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2013 and the portions of our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 27, 2014 that are incorporated by reference therein, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, and our Current Reports on Form 8-K filed with the SEC on February 6, 2014 (the Item 8.01 Form 8-K only), February 7, 2014, March 3, 2014 and March 18, 2014.

Application will be made to have the notes listed on the New York Stock Exchange. We cannot guarantee that listing will be obtained.

Trademarks and servicemarks in this prospectus supplement and the attached prospectus appear in bold italic type and are the property of or licensed by our subsidiaries.

Philip Morris International Inc. is a Virginia holding company incorporated in 1987. Unless otherwise indicated, all references in this prospectus supplement to PMI, us, our, or we refer to Philip Morris International Inc. and its subsidiaries.

References herein to $, dollars and U.S. dollars are to United States dollars, and all financial data included or incorporated by reference herein have been presented in accordance with accounting principles generally accepted in the United States of America.

References to and euro are to the currency of the member states of the European Monetary Union that have adopted or that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the Treaty on European Union.

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FORWARD-LOOKING AND CAUTIONARY STATEMENTS

We may from time to time make forward-looking statements, including in information included or incorporated by reference in this prospectus supplement and the attached prospectus. You can identify these forward-looking statements by use of words such as strategy, expects, continues, plans, anticipates, believes, will, estimates, intends, projects, goals, targets and other words of similar meaning. You can also ide the fact that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements and whether to invest in or remain invested in our securities. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we have identified important factors in the documents incorporated by reference that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to these cautionary statements. We elaborate on these and other risks we face in the documents incorporated by reference. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider risks discussed in the documents incorporated by reference to be a complete discussion of all potential risks or uncertainties. We do not undertake to update any forward-looking statement that we may make from time to time except in the normal course of our public disclosure obligations.

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SUMMARY OF THE OFFERING

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more detailed description of the notes, please refer to the section entitled Description of Notes in this prospectus supplement and the section entitled Description of Debt Securities in the attached prospectus.

Issuer	Philip Morris International Inc.
Securities Offered	500,000,000 total principal amount of 2.875% notes due 2029, maturing May 14, 2029.
Interest Rates	The notes will bear interest from May 13, 2014 at the rate of 2.875% per annum.
Interest Payment Dates	May 14 of each year, beginning on May 14, 2015.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future senior unsecured indebtedness. Because we are a holding company, the notes will effectively rank junior to any indebtedness or other liabilities of our subsidiaries. The indenture does not limit the amount of debt or other liabilities we or our subsidiaries may issue.
Optional Tax Redemption	We may redeem all, but not part, of the notes upon the occurrence of specified tax events described under the heading Description of Notes Redemption for Tax Reasons in this prospectus supplement.
Covenants	We will issue the notes under an indenture containing covenants that restrict our ability, with significant exceptions, to: incur debt secured by liens; and engage in sale and leaseback transactions.
Use of Proceeds	We will receive net proceeds (before expenses) from this offering of approximately 494,955,000. We intend to add the net proceeds to our general funds, which may be used: to meet our working capital requirements; to repurchase our common stock;

	• to refinance debt; or
	• for general corporate purposes.
	If we do not use the net proceeds immediately, we will temporarily invest them in short-term, interest-bearing obligations.
Listing	Application will be made to list the notes on the New York Stock Exchange.

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Clearance and Settlement	The notes will be issued only in registered, book-entry form. There will be one or more global notes deposited with a common depositary on behalf of Euroclear and Clearstream and registered in the name of the common depositary or its nominee. Except in the limited circumstances described under Description of Notes Book-Entry; Delivery and Form; Global Notes, notes in certificated form will not be issued or exchanged for interests in global notes.
Governing Law	The notes will be governed by the laws of the State of New York.
Risk Factors	Investing in the notes involves risks. See Risk Factors and the documents incorporated or deemed to be incorporated by reference herein for a discussion of the factors you should consider carefully before deciding to invest in the notes.
Trustee	HSBC Bank USA, National Association.

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RISK FACTORS

You should carefully consider all the information included and incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in the notes. In particular, we urge you to consider carefully the factors set forth under Forward-Looking and Cautionary Statements in this prospectus supplement and Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, which we have incorporated by reference in this prospectus supplement.

CURRENCY CONVERSION AND FOREIGN EXCHANGE RISKS

Investors will be required to pay for the notes in euro. If, however, the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the most recent euro/U.S. dollar exchange rate available on or prior to the second business day prior to the relevant payment date, as determined by us in our sole discretion. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the notes or the indenture governing the notes.

Investors will be subject to foreign exchange risks as to payments of principal and interest that may have important economic and tax consequences to them. See Foreign Exchange Risk below.

As of May 6, 2014, the euro/U.S. dollar rate of exchange was euro 1/U.S.$1.394.

Foreign Exchange Risk

An investment in notes which are denominated in, and all payments in respect of which are to be made in, a currency other than the currency of the country in which the purchaser is resident or the currency in which the purchaser conducts its business or activities (the home currency), entails significant risks not associated with a similar investment in a security denominated in the home currency. These include the possibility of:

- significant changes in rates of exchange between the home currency and the euro, and
- the imposition or modification of foreign exchange controls with respect to the euro.

We have no control over a number of factors affecting this type of note, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. In recent years, rates of exchange for certain currencies, including the euro, have been highly volatile and this volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations in the rate that may occur during the term of the notes. Depreciation of the euro against the home currency could result in a decrease in the effective yield of the notes below the coupon rate, and in certain circumstances, could result in a loss to you on a home currency basis.

This description of foreign currency risks does not describe all the risks of an investment in securities denominated in a currency other than the home currency. You should consult your own financial and legal advisors as to the risks involved in an investment in the notes.

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THE COMPANY

We are a Virginia holding company incorporated in 1987. Our subsidiaries and affiliates and their licensees are engaged in the manufacture and sale of cigarettes and other tobacco products in markets outside of the United States of America. Our products are sold in more than 180 markets and, in many of these markets, they hold the number one or number two market share position. We have a wide range of premium, mid-price and low-price brands. Our portfolio comprises both international and local brands.

Our portfolio of international and local brands is led by ***Marlboro***, the world s best selling international cigarette, which accounted for approximately 33% of our total 2013 shipment volume. ***Marlboro*** is complemented in the premium-price category by ***Merit***, ***Parliament*** and ***Virginia Slims***. Our leading mid-price brands are ***L&M*** and ***Chesterfield***. Other leading international brands include ***Bond Street***, ***Lark***, ***Muratti***, ***Next***, ***Philip Morris*** and ***Red & White***.

We also own a number of important local cigarette brands, such as ***Sampoerna***, ***Dji Sam Soe*** and ***U Mild*** in Indonesia, ***Fortune***, ***Champion*** and ***Hope*** in the Philippines, ***Diana*** in Italy, ***Optima*** and ***Apollo-Soyuz*** in Russia, ***Morven Gold*** in Pakistan, ***Boston*** in Colombia, ***Belmont***, ***Canadian Classics*** and ***Number 7*** in Canada, ***Best*** and ***Classic*** in Serbia, ***f6*** in Germany, ***Delicados*** in Mexico, ***Assos*** in Greece and ***Petra*** in the Czech Republic and Slovakia. While there are a number of markets where local brands remain important, international brands are expanding their share in numerous markets. International brands contributed approximately 71% of our shipment volume in 2013.

Our principal executive offices are located at Philip Morris International Inc., 120 Park Avenue, New York, New York 10017-5579, our telephone number is +1 (917) 663-2000 and our website is www.pmi.com. The information contained in, or that can be accessed through, our website is not a part of this prospectus supplement or the attached prospectus.

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USE OF PROCEEDS

We will receive net proceeds (before expenses) from this offering of approximately 494,955,000. We intend to add the net proceeds to our general funds, which may be used:

- to meet our working capital requirements;
- to repurchase our common stock;
- to refinance debt; or
- for general corporate purposes.

If we do not use the net proceeds immediately, we will temporarily invest them in short-term, interest-bearing obligations.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings available for fixed charges to fixed charges for the periods indicated. This information should be read in conjunction with the consolidated financial statements and the accompanying notes incorporated by reference in this prospectus supplement.

	Three Months Ended March 31,	Years Ended December 31,				
	2014	2013	2012	2011	2010	2009
Ratios of earnings to fixed charges	9.3	11.3	12.7	13.0	10.7	10.2

Earnings available for fixed charges represent earnings before income taxes and fixed charges excluding capitalized interest, net of amortization. Fixed charges represent interest expense, amortization of debt discount and expenses and capitalized interest, plus that portion of rental expense estimated to be the equivalent of interest.

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SUMMARY OF SELECTED HISTORICAL FINANCIAL DATA

The following table presents our summary of selected historical financial data which have been derived from and should be read along with, and are qualified in their entirety by reference to, our financial statements and the accompanying notes to those statements and the section Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, which we have incorporated by reference in this prospectus supplement.

The summary of selected historical financial data is not necessarily indicative of our future performance.

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
	(in millions except per share amounts)			
Consolidated Statement of Earnings Data:				
Net revenues	$ 77,393	$ 80,029	$ 18,527	$ 17,779
Cost of sales	10,373	10,410	2,489	2,374
Excise taxes on products	46,016	48,812	10,943	10,862
Gross profit	21,004	20,807	5,095	4,543
Marketing, administration and research costs	6,961	6,890	1,677	1,547
Asset impairment and exit costs	83	309	3	23
Amortization of intangibles	97	93	24	22
Operating income	13,863	13,515	3,391	2,951
Interest expense, net	859	973	236	268
Earnings before income taxes	13,004	12,542	3,155	2,683
Provision for income taxes	3,833	3,670	933	776
Equity (income)/loss in unconsolidated subsidiaries, net	17	22	4	(9)
Net earnings	9,154	8,850	2,218	1,916
Net earnings attributable to noncontrolling interests	354	274	93	41
Net earnings attributable to PMI	$ 8,800	$ 8,576	$ 2,125	$ 1,875
Earnings Per Share Data:				
Basic earnings per share	$ 5.17	$ 5.26	$ 1.28	$ 1.18
Diluted earnings per share	$ 5.17	$ 5.26	$ 1.28	$ 1.18

	As of December 31,		As of March 31,
	2012	2013	2014
	(in millions)		(in millions)
Balance Sheet Data:			
Cash and cash equivalents	$ 2,983	$ 2,154	$ 1,823
Receivables	3,589	3,853	3,408
Inventories	8,949	9,846	8,724
Deferred income taxes	450	502	423
Other current assets	619	497	447
Total current assets	16,590	16,852	14,825
Property, plant and equipment, at cost	13,879	13,957	13,886
Less accumulated depreciation	7,234	7,202	7,216
	6,645	6,755	6,670
Goodwill	9,900	8,893	9,009

Other intangible assets, net	3,619	3,193	3,234
Investment in unconsolidated subsidiaries	24	1,536	1,460
Other assets	892	939	939
Total assets	$ 37,670	$ 38,168	$ 36,137
Short-term borrowings	2,419	2,400	3,284
Current portion of long-term debt	2,781	1,255	406
Accounts payable	1,103	1,274	1,064
Other current liabilities	10,713	12,137	9,217
Long-term debt	17,639	24,023	25,989
Deferred income taxes	1,875	1,477	1,491
Employment costs	2,574	1,313	1,296
Other liabilities	419	563	547
Redeemable noncontrolling interest	1,301		
Stockholders deficit	(3,154)	(6,274)	(7,157)
Total liabilities and stockholders (deficit) equity	$ 37,670	$ 38,168	$ 36,137

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DESCRIPTION OF NOTES

The following description of the particular terms of the notes, which we refer to as the notes, supplements the description of the general terms and provisions of the debt securities set forth under Description of Debt Securities beginning on page 2 in the attached prospectus. The attached prospectus contains a detailed summary of additional provisions of the notes and of the indenture, dated as of April 25, 2008, between Philip Morris International Inc. and HSBC Bank USA, National Association, as trustee, under which the notes will be issued. The following description supersedes the description of the debt securities in the attached prospectus, to the extent of any inconsistency. Terms used in this prospectus supplement that are otherwise not defined will have the meanings given to them in the attached prospectus.

Certain Terms of the 2.875% Notes due 2029

The notes due 2029 are a series of debt securities described in the attached prospectus, which will be senior debt securities, will be initially issued in the aggregate principal amount of 500,000,000 and will mature on May 14, 2029.

The notes due 2029 will bear interest at the rate of 2.875% per annum from May 13, 2014, payable annually in arrears on May 14 of each year, commencing May 14, 2015, to the persons in whose names the notes due 2029 are registered at the close of business on the preceding April 30, the record date.

General

Interest on the notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or May 13, 2014 if no interest has been paid on the notes due 2029), to but excluding the next scheduled interest payment date. This payment convention is referred to as Actual/Actual (ICMA) as defined in the rulebook of the International Capital Market Association.

In some circumstances, we may elect to discharge our obligations on the notes through full defeasance or covenant defeasance. See Description of Debt Securities Defeasance beginning on page 10 of the attached prospectus for more information about how we may do this.

We may, without the consent of the holders of the notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the notes, except for the public offering price and issue date. Any additional notes having such similar terms, together with the notes, will constitute a single series of notes under the indenture. No additional notes may be issued if an event of default has occurred with respect to the notes.

The notes will not be entitled to any sinking fund.

Book-Entry; Delivery and Form; Global Notes

We have obtained the information in this section concerning Clearstream Banking, société anonyme (Clearstream) and Euroclear Bank, S.A./N.V., or its successor, as operator of the Euroclear System (Euroclear) and their book-entry systems and procedures from sources that we believe to be reliable. We take no responsibility for an accurate portrayal of this information. In addition, the description of the clearing systems in this section reflects our understanding of the rules and procedures of Clearstream and Euroclear as they are currently in effect. Those clearing systems could change their rules and procedures at any time.

The notes will be offered and sold only in denominations of 100,000 and integral multiples of 1,000 in excess thereof. The notes will initially be represented by one or more fully registered global notes. Each such global note will be deposited with, or on behalf of, a common depositary, and registered in the name of the nominee of the common depositary for the accounts of Clearstream and Euroclear. Except as set forth below, the global notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees. You may hold your interests in the global notes in Europe through Clearstream or Euroclear, either as a participant in such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests in the global notes on behalf of their respective participating organizations or customers through customers securities accounts in Clearstream s or Euroclear s names on the books of their respective depositaries. Book-entry interests in the notes and all transfers relating to the notes will be reflected in the book-entry records of Clearstream and Euroclear.

The distribution of the notes will be cleared through Clearstream and Euroclear. Any secondary market trading of book-entry interests in the notes will take place through Clearstream and Euroclear participants and will settle in same-day funds. Owners of book-entry interests in the notes will receive payments relating to their notes in euro, except as described in this prospectus supplement under Currency Conversion and Foreign Exchange Risks.

Clearstream and Euroclear have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositaries. These links allow the notes to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream and Euroclear will govern payments, transfers, exchanges and other matters relating to the investor s interest in the notes held by them. We have no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way.

Clearstream and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

Except as provided below, owners of beneficial interests in the notes will not be entitled to have the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders of the notes under the indenture, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each person owning a beneficial interest in a note must rely on the procedures of the depositary and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder of notes.

We have been advised by Clearstream and Euroclear, respectively, as follows:

Clearstream

Clearstream advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies,

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clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

Distributions with respect to interests in the notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures.

Euroclear

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, or the Euroclear Terms and Conditions, and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within Euroclear;
- withdrawal of securities and cash from Euroclear; and
- receipt of payments with respect to securities in Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding securities through Euroclear Participants.

Distributions with respect to interests in the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions.

Clearance and Settlement Procedures

We understand that investors that hold their notes through Clearstream or Euroclear accounts will follow the settlement procedures that are applicable to conventional eurobonds in registered form. Notes will be credited to the securities custody accounts of Clearstream and Euroclear participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

We understand that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading will be settled using procedures applicable to conventional eurobonds in registered form.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

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In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the notes, or to make or receive a payment or delivery of the notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of Clearstream customers or Euroclear participants, as applicable, in accordance with the relevant system s rules and procedures, to the extent received by its depositary. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

Certificated Notes

If,

- Clearstream or Euroclear is no longer willing or able to discharge its responsibilities properly, and neither the trustee nor we have approved a qualified successor within 90 days; or

- upon the request of a holder upon the occurrence and continuance of an event of default with respect to the notes,

we will issue notes in definitive form in exchange for, all or part, as the case may be, the registered global note that had been held by the depositary. Any notes issued in definitive form in exchange for a registered global note will be registered in the name or names that the depositary gives to the trustee or relevant agent of ours or the trustee. It is expected that the depositary s instructions will be based upon directions received by the depositary from participants with respect to ownership of beneficial interests in the registered global note that had been held by the depositary. In addition, we may at any time determine that the notes shall no longer be represented by a global note and will issue notes in definitive form in exchange for such global note pursuant to the procedure described above.

Notices

Notices to holders of the notes will be sent by mail or email to the registered holders and will be published, whether the notes are in global or definitive form, and, so long as the notes are listed on the New York Stock Exchange, in a daily newspaper of general circulation in the City of New York. It is expected that publication will be made in the City of New York in *The Wall Street Journal*. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

Restrictive Covenants

The indenture limits the amount of liens (subject to certain exceptions described in Description of Debt Securities Restrictive Covenants in the attached prospectus) that we or our Subsidiaries may incur or otherwise create, in order to secure indebtedness for borrowed money, upon any Principal Facility or any shares of capital stock that any of our Subsidiaries owning any Principal Facility has issued to us or any of our Subsidiaries. If we or any of our Subsidiaries incur such liens, then we will secure the debt securities to the same extent and in the same proportion as the debt that is secured by such liens. Notwithstanding the foregoing, we and/or any of our Subsidiaries may create, assume or incur liens that would otherwise be subject to the restriction described in this paragraph, without securing debt securities issued under the indenture equally and ratably, if the aggregate value of all outstanding indebtedness secured by the liens plus the value of Sale and Leaseback Transactions does not at the time exceed 15% of Consolidated Net Tangible Assets. The indenture also restricts our ability to engage in Sale and Leaseback Transactions under certain circumstances. See Description of Debt Securities Restrictive Covenants Sale and Leaseback Transactions in the attached prospectus.

At March 31, 2014, our Consolidated Net Tangible Assets were $8.5 billion.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay to the beneficial owner of any note who is a non-United States person (as defined below) such additional amounts as may be necessary to ensure that every net payment on such note, after deduction or withholding by us or any of our paying agents for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States or any political subdivision or taxing authority of the United States, will not be less than the amount provided in such note to be then due and payable. However, we will not pay additional amounts if the beneficial owner is subject to taxation solely for reasons other than its ownership of the note, nor will we pay additional amounts for or on account of:

(a) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the existence of any present or former connection (other than the mere fact of being a beneficial owner of a note) between the beneficial owner (or between a fiduciary, settlor, beneficiary or person holding a power over such beneficial owner, if the beneficial owner is an estate or trust, or a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) of a note and the United States, including, without limitation, such beneficial owner (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident of the United States or treated as being or having been a resident thereof;

(b) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner (or a fiduciary, settlor, beneficiary or person holding a power over such beneficial owner, if the beneficial owner is an estate or trust, or a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) (1) being or having been present in, or engaged in a trade or business in, the United States, (2) being treated as having been present in, or engaged in a trade or business in, the United States, or (3) having or having had a permanent establishment in the United States;

(c) any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner (or a fiduciary, settlor, beneficiary or person holding a power over such beneficial owner, if the beneficial owner is an estate or trust, or a member or shareholder of the beneficial owner, if the beneficial owner is a partnership or corporation) being or having been with respect to the United States a personal holding company, a controlled foreign corporation, a passive foreign investment company or a foreign private foundation or other foreign tax-exempt organization, or being a corporation that accumulates earnings to avoid United States federal income tax;

(d) any tax, assessment or other governmental charge imposed on a beneficial owner that actually or constructively owns 10% or more of the total combined voting power of all of our classes of stock that are entitled to vote within the meaning of Section 871(h)(3) of the Internal Revenue Code of 1986, as amended, or the Code;

(e) any tax, assessment or other governmental charge that is payable by any method other than withholding or deduction by us or any paying agent from payments in respect of such note;

(f) any gift, estate, inheritance, sales, transfer, personal property or excise tax or any similar tax, assessment or other governmental charge;

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(g) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment in respect of any note if such payment can be made without such withholding by at least one other paying agent;

(h) any tax, assessment or other governmental charge that is imposed or withheld by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(i) any tax, assessment or other governmental charge imposed as a result of the failure of the beneficial owner to comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a note, if such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(j) any tax, assessment or other governmental charge imposed by reason of the failure of the beneficial owner to fulfill the statement requirements of Section 871(h) or Section 881(c) of the Code;

(k) any tax, assessment or other governmental charge imposed pursuant to the provisions of Sections 1471 through 1474 of the Code; or

(l) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) and (k).

In addition, we will not pay additional amounts to a beneficial owner of a note that is a fiduciary, partnership, limited liability company or other fiscally transparent entity, or to a beneficial owner of a note that is not the sole beneficial owner of such note, as the case may be. This exception, however, will apply only to the extent that a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership, limited liability company or other fiscally transparent entity, would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment. The term beneficial owner includes any person holding a note on behalf of or for the account of a beneficial owner.

As used herein, the term non-United States person means a person that is not a United States person. The term United States person means a citizen or resident of the United States or, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof, an estate the income of which is subject to United States federal income taxation regardless of its source, a trust subject to the primary supervision of a court within the United States and the control of one or more United States persons as described in Section 7701(a)(30) of the Code, or a trust that existed on August 20, 1996, and elected to continue its treatment as a domestic trust. United States means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).

Redemption for Tax Reasons

The notes will mature and be redeemed at par on their maturity date of May 14, 2029, and are not redeemable prior to maturity except upon the occurrence of certain tax events described below.

We may redeem the notes prior to maturity in whole, but not in part, on not more than 60 days notice and not less than 30 days notice at a redemption price equal to the principal amount of the notes plus any accrued interest and additional amounts to the date fixed for redemption if:

as a result of a change in or amendment to the tax laws, regulations or rulings of the United States or any political subdivision or taxing authority of or in the United States or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction in the United States) that is announced or becomes effective on or after May 13, 2014, we have or will become obligated to pay additional amounts with respect to the notes as described above under Payment of Additional Amounts, or

on or after May 13, 2014, any action is taken by a taxing authority of, or any decision is rendered by a court of competent jurisdiction in, the United States or any political subdivision or taxing authority of or in the United States, including any of those actions specified in the bullet point above, whether or not such action is taken or decision is rendered with respect to us, or any change, amendment, application or interpretation is officially proposed, which, in any such case, in the written opinion of independent legal counsel of recognized standing, will result in a material probability that we will become obligated to pay additional amounts with respect to the notes,

and we in our business judgment determine that such obligations cannot be avoided by the use of reasonable measures available to us.

If we exercise our option to redeem the notes, we will deliver to the trustee a certificate signed by an authorized officer stating that we are entitled to redeem the notes and the written opinion of independent legal counsel if required.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes generally the material United States federal income and, in the case of non-United States Holders (as defined below), estate tax considerations with respect to your acquisition, ownership and disposition of a note if you are a beneficial owner of such note. Unless otherwise indicated, this summary addresses only notes purchased at original issue for their original offering price and held by beneficial owners as capital assets, and does not address all of the United States federal income and estate tax considerations that may be relevant to you in light of your particular circumstances or if you are subject to special treatment under United States federal income tax laws (for example, if you are an insurance company, tax-exempt organization, financial institution, broker or dealer in securities or currencies, trader in securities that elects to use the mark-to-market method of accounting for your securities holdings, person subject to the alternative minimum tax, United States expatriate, United States person with a functional currency other than the U.S. dollar, person that holds notes as part of an integrated investment (including a straddle), controlled foreign corporation, passive foreign investment company, or corporation that accumulates earnings to avoid United States federal income tax). If a partnership holds notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding our notes should consult its own tax advisor regarding the tax consequences of the acquisition, ownership and disposition of our notes, as this summary does not address special tax considerations that may be relevant to such a partner. This summary does not discuss any aspect of state, local or non-United States taxation, or any United States federal tax considerations other than income and estate taxation.

This summary is based on current provisions of the Code, Treasury regulations, judicial opinions, published positions of the United States Internal Revenue Service, or IRS, and all other applicable authorities, all of which are subject to change, possibly with retroactive effect. This summary is not intended as tax advice.

We urge prospective investors in the notes to consult their tax advisors regarding the United States federal, state, local and non-United States income and other tax considerations of acquiring, holding and disposing of the notes.

United States Holders

This discussion applies to you if you are a United States Holder. For this purpose, a United States Holder is a beneficial owner of a note that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for United States federal income tax purposes, created or organized in, or under the laws of, the United States or any political subdivision of the United States;
- an estate, the income of which is subject to United States federal income taxation regardless of its source;
- a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust; or
- a trust that existed on August 20, 1996, and elected to continue its treatment as a domestic trust.

Payments of Interest

The U.S. dollar value of euro payable as interest on a note generally will be taxable to you as ordinary interest income at the time the interest accrues or is received, in accordance with your method of accounting for tax purposes, regardless of whether you receive payments in euro or in U.S. dollars. If you receive interest in U.S. dollars, you will be considered to have received interest in euro and sold those euro for U.S. dollars.

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Cash Method Taxpayers

If you use the cash method of accounting for United States federal income tax purposes, the amount of income you recognize will be the U.S. dollar value of the euro you receive on each interest payment date, based on the U.S. dollar euro exchange rate in effect on the date of receipt. You will not recognize exchange gain or loss with respect to the receipt of such payments.

Accrual Method Taxpayers

If you use the accrual method of accounting for United States federal income tax purposes, the amount of income you recognize will be determined using the average U.S. dollar euro exchange rate in effect during the relevant accrual period. When an accrual period includes but does not end on the last day of your taxable year, the relevant U.S. dollar euro exchange rate with respect to each partial accrual period will be the average U.S. dollar euro exchange rate for such partial accrual period. Alternatively, you may elect to use the U.S. dollar euro exchange rate on the last day of the relevant accrual period (or the last day of your taxable year, if the accrual period includes but does not end on the last day of your taxable year), or the payment date, if such date is within five business days of the last day of the accrual period, instead of the average U.S. dollar euro exchange rate during the accrual period. If you make this election, it will apply to all debt instruments you hold on or after the beginning of the year in which the election is made and it cannot be revoked without the consent of the IRS.

Regardless of the method you use to accrue interest income, when you actually receive a payment of interest on a note you will recognize exchange gain or loss with respect to any differences in the U.S. dollar euro exchange rate used to accrue such interest and the U.S. dollar euro exchange rate on the payment date. Any exchange gain or loss recognized will be ordinary income or loss.

Sale, Exchange, Redemption or Disposition of a Note

Upon the sale, exchange, redemption or other taxable disposition of a note, you will recognize taxable gain or loss equal to the difference between (i) the amount you realize on the sale, exchange, redemption or other taxable disposition, other than amounts, if any, attributable to accrued but unpaid stated interest and (ii) your adjusted tax basis in the note. The amount realized by you upon the sale, exchange, redemption or other taxable disposition of a note for euro will be the U.S. dollar value of the euro received (with the exception of amounts attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income), determined on the date of the sale, exchange, redemption or other taxable disposition (or, if the notes are traded on an established securities market, on the settlement date in the case of a note sold by a cash method taxpayer or an electing accrual method taxpayer). If you receive principal payment on your note in U.S. dollars, you will be considered to have received the principal in euro and sold those euro for U.S. dollars at the U.S. dollar euro exchange rate on the date of payment. Your tax basis in a note generally will be the U.S. dollar value of the euro you paid to acquire the note determined on the date of acquisition (or, if the notes are traded on an established securities market, on the settlement date if you are a cash method taxpayer or you are an electing accrual method taxpayer).

The gain or loss you recognize on the sale, exchange, redemption or other taxable disposition of a note generally will be capital gain or loss except to the extent it is attributable to movement in exchange rates between the time you purchased the note and the time of its disposition. Any such foreign currency exchange gain or loss will be treated as ordinary income or loss and is limited to the amount of overall gain or loss realized on the sale, exchange, redemption or other taxable disposition of your note. Any capital gain or loss will be long-term capital gain or loss if, at the time of the sale, exchange, redemption or other taxable disposition, you have held the note for more than one year. Under current U.S. federal income tax law, net long-term capital gains realized by taxpayers that are individuals, estates or trusts are eligible for taxation at preferential rates. The distinction between capital gain or loss and ordinary income or loss also is relevant for purposes of the limitation on the deductibility of capital losses.

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Sale of Euro

If you sell or otherwise dispose of euro, you will have taxable gain or loss equal to the difference between the amount of U.S. dollars received and your tax basis in the euro. If you receive euro as interest on a note or on the sale, exchange, redemption or other taxable disposition of a note, your tax basis generally will be the U.S. dollar value of such euro when the interest is received or at the time of such sale, exchange, redemption or other taxable disposition (or, if the notes are traded on an established securities market, on the settlement date if you are a cash method taxpayer or you are an electing accrual method taxpayer). If you purchase euro, you generally will have a tax basis equal to the U.S. dollar value of such euro on the date of purchase. Any gain or loss on the sale or other disposition of euro (including the use of euro to purchase a note) will be ordinary income or loss.

Backup Withholding and Information Reporting

Unless you are an exempt recipient, a backup withholding tax and certain information reporting requirements may apply to payments we make to you of principal of, and interest or premium (if any) on, and proceeds of the sale or exchange before maturity of, a note. Backup withholding and information reporting will not apply to payments that we make on the notes to exempt recipients that establish their status as such, regardless of whether such entities are the beneficial owners of such notes or hold such notes as a custodian, nominee or agent of the beneficial owner. However, with respect to payments made to a custodian, nominee or agent of the beneficial owner, backup withholding and information reporting may apply to payments made by such custodian, nominee or other agent to you unless you are an exempt recipient and establish your status as such.

If you are not an exempt recipient (for example, if you are an individual), backup withholding will not be applicable to payments made to you if you (i) have supplied an accurate Taxpayer Identification Number (usually on an IRS Form W-9), (ii) have not been notified by the IRS that you have failed to properly report payments of interest and dividends and (iii) in certain circumstances, have certified under penalties of perjury that you have received no such notification and have supplied an accurate Taxpayer Identification Number. However, information reporting will be required in such a case.

Any amounts withheld from a payment to you by operation of the backup withholding rules will be refunded or allowed as a credit against your United States federal income tax liability, provided that any required information is furnished to the IRS in a timely manner.

Unearned Income Medicare Contribution

A tax of 3.8 percent is imposed on the amount of net investment income (or undistributed net investment income, in the case of an estate or trust) received by taxpayers with adjusted gross income above certain threshold amounts. Net investment income as defined for United States federal Medicare contribution purposes generally includes interest payments and gain recognized from the sale or other disposition of the notes. Tax exempt trusts, which are not subject to income taxes generally, and foreign individuals will not be subject to this tax. You should consult your own tax advisors regarding the effect, if any, of this tax on your investment in the notes.

Non-United States Holders

This discussion applies to you if you are a non-United States Holder. A non-United States Holder is a beneficial owner of a note that is neither a United States Holder nor a partnership (or other entity treated as a partnership for United States federal income tax purposes).

Payments of Interest

Payments of interest that we make to you will be subject to United States withholding tax at a rate of 30% of the gross amount, unless you are eligible for one of the exceptions described below.

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Subject to the discussion of backup withholding below, no withholding of United States federal income tax will be required with respect to payments we make to you of interest provided that:

- you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code;
- you are not a controlled foreign corporation that is related to us through stock ownership; and
- you have provided the required certifications as set forth in Section 871(h) and Section 881(c) of the Code.

To satisfy these certification requirements, you generally will be required to provide in the year in which a payment of interest occurs, or in one of the three preceding years, a statement that:

- is signed by you under penalties of perjury;
- certifies that you are the beneficial owner of the notes and are not a United States Holder; and
- provides your name and address.

This statement generally may be made on an IRS Form W-8BEN or W-8BEN-E or a substantially similar substitute form and you must inform the recipient of any change in the information on the statement within 30 days of such change. Special certification rules apply to non-United States Holders that are pass-through entities rather than corporations or individuals.

If you are engaged in a United States trade or business and interest received by you on a note is effectively connected with your conduct of such trade or business (and, under certain income tax treaties, is attributable to a United States permanent establishment you maintain), you will be exempt from the withholding of United States federal income tax described above, so long as you have provided an IRS Form W-8ECI or substantially similar substitute form stating that interest on the note is effectively connected with your conduct of a trade or business in the United States. In such a case, you will be subject to tax on interest you receive on a net income basis in the same manner as if you were a United States Holder. If you are a corporation, effectively connected income may also be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

If you are not eligible for relief under one of the exceptions described above, the amount of any interest that we pay to you that is subject to withholding may be reduced if we qualify as an 80/20 company for United States federal income tax purposes. A U.S. corporation that was an 80/20 company on August 10, 2010 generally continues to be an 80/20 company if at least 80% of its gross income during an applicable testing period is, directly or through subsidiaries, active foreign business income, and it does not add a substantial line of business to its operations. The 80% test for active foreign business income is computed annually. Although we believe that we currently are an 80/20 company, our operations and business plans may change in subsequent taxable years. Therefore, no assurance can be given regarding our classification as an 80/20 company for United States federal income tax purposes in the future.

In addition, regardless of whether we qualify as an 80/20 company, you may qualify for an exemption from, or a reduced rate of, United States federal withholding tax under a United States income tax treaty. In general, this exemption or reduced rate of tax applies only if you provide a properly completed IRS Form W-8BEN or W-8BEN-E or substantially similar form claiming benefits under an applicable income tax treaty.

Sale, Exchange, Redemption or Disposition of Notes

You generally will not be subject to United States federal income tax on any gain realized upon your sale, exchange, redemption or other taxable disposition of notes unless:

the gain is effectively connected with your conduct of a trade or business within the United States (and, under certain income tax treaties, is attributable to a United States permanent establishment you maintain); or

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- you are an individual, you are present in the United States for 183 days or more in the taxable year of disposition and you meet other conditions, and you are not eligible for relief under an applicable income tax treaty.

Gain that is effectively connected with your conduct of a trade or business within the United States generally will be subject to United States federal income tax, net of certain deductions, at the same rates applicable to United States persons. If you are a corporation, the branch profits tax also may apply to such effectively connected gain. If the gain from the sale or disposition of your notes is effectively connected with your conduct of a trade or business in the United States but under an applicable income tax treaty is not attributable to a permanent establishment you maintain in the United States, your gain may be exempt from United States tax under the treaty. If you are described in the second bullet point above, you generally will be subject to United States tax at a rate of 30% on the gain realized, although the gain may be offset by some United States source capital losses realized during the same taxable year.

Backup Withholding and Information Reporting

The amount of interest we pay to you on notes will be reported to you and to the IRS annually on an IRS Form 1042-S even if you are exempt from the 30% withholding tax described above. Copies of the information returns reporting those payments and the amounts withheld may also be made available to the tax authorities in the country where you are resident under provisions of an applicable income tax treaty or agreement.

In addition, backup withholding tax and certain other information reporting requirements apply to payments of interest and certain reportable payments, unless an exemption applies. Backup withholding and information reporting will not apply to payments we make to you if you have provided under penalties of perjury the required certification of your non-United States person status as discussed above under Payments of Interest (and we do not have actual knowledge or reason to know that you are a United States Holder) or if you are an exempt recipient.

If you sell or redeem a note through a United States broker or the United States office of a foreign broker, the proceeds from such sale or redemption will be subject to information reporting and backup withholding unless you provide a withholding certificate or other appropriate documentary evidence establishing that you are not a United States Holder to the broker and such broker does not have actual knowledge or reason to know that you are a United States Holder, or you are an exempt recipient eligible for an exemption from information reporting and backup withholding. If you sell or redeem a note through the foreign office of a broker who is a United States person or has certain enumerated connections with the United States, the proceeds from such sale or redemption will be subject to information reporting unless you provide to such broker a withholding certificate or other documentary evidence establishing that you are not a United States Holder and such broker does not have actual knowledge or reason to know that such evidence is false, or you are an exempt recipient eligible for an exemption from information reporting. In circumstances where information reporting by the foreign office of such a broker is required, backup withholding will be required only if the broker has actual knowledge that you are a United States Holder.

Any amounts withheld from a payment to you by operation of the backup withholding rules will be refunded or allowed as a credit against your United States federal income tax liability, if any, provided that you timely file a United States federal income tax return with the IRS claiming such refund or credit.

Estate Tax

A note held by an individual who at the time of death is a non-United States Holder will not be subject to United States federal estate tax as a result of such individual s death, provided that such individual does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and provided that the interest payments with respect to such note are not effectively connected with such individual s conduct of a United States trade or business.

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Foreign Account Tax Compliance Act

Legislation enacted in 2010 imposes a United States federal withholding tax of 30% on payments of interest or gross proceeds from the disposition of a debt instrument paid after December 31, 2012 to certain non-U.S. entities, including certain foreign financial institutions and investment funds, unless such non-U.S. entity complies with certain reporting requirements regarding its United States account holders and its United States owners. The date for implementation of these rules generally was extended by the IRS to July 1, 2014 for payments of fixed or determinable annual or periodic (FDAP) income, including interest, and to January 1, 2017 for other withholdable payments, including payments of gross proceeds. After these dates, payments of interest on, or gross proceeds from the sale of, a debt instrument made to a non-U.S. entity generally will be subject to the new information reporting regime; however, the new withholding obligations will only apply to obligations issued after March 18, 2012, and the IRS has extended this grandfathering provision to obligations that are outstanding on July 1, 2014. Congress delegated broad authority to the United States Treasury Department to promulgate regulations to implement the new withholding and reporting regime. It cannot be predicted whether or how any regulations promulgated by the United States Treasury Department pursuant to this broad delegation of regulatory authority will affect holders of the notes. Prospective purchasers of the notes should consult their own tax advisors regarding the new withholding and reporting provisions.

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UNDERWRITING

Subject to the terms and conditions set forth in the terms agreement dated the date of this prospectus supplement, which incorporates by reference the underwriting agreement dated as of April 25, 2008, each of the underwriters named below has severally agreed to purchase, and we have agreed to sell to each underwriter, the respective principal amount of notes as set forth opposite the name of each underwriter below.

Underwriter	Principal Amount of 2.875% Notes due 2029
Barclays Bank PLC	166,667,000
ING Bank N.V.	166,667,000
The Royal Bank of Scotland plc	166,666,000
Total	500,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of certain legal matters by counsel and to certain other conditions. The underwriters are obligated to purchase all of the notes if they purchase any of the notes.

We have been advised by the underwriters that the underwriters propose initially to offer some of the notes to the public at the public offering prices set forth on the cover page of this prospectus supplement and may offer some of the notes to certain dealers at the public offering price less concessions not in excess of 0.195%. The underwriters may allow, and these dealers may reallow, concessions not in excess of 0.130% of the principal amount of the notes on sales of the notes to certain other dealers. After the initial offering of the notes to the public, the underwriters may change the public offering price and concessions. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

The following table shows the underwriting discount and commission that we are to pay to the underwriters in connection with this offering (expressed as a percentage of the principal amount of the notes).

	Paid by PMI
Per 2.875% Note due 2029	0.325%

In connection with the issuance of the notes, The Royal Bank of Scotland plc, as stabilizing manager (or persons acting on its behalf), may over-allot notes or effect transactions with a view to supporting the price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilizing manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made and, if begun, may be ended at any time, but it must end no later than 30 calendar days after the date on which PMI received the proceeds of the issue, or no later than 60 calendar days after the date of the allotment of the notes, whichever is the earlier. Such stabilization shall be conducted in accordance with all applicable laws and rules. The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the stabilizing agent has repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be effected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time. Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the underwriters make any representation that any of the underwriters will engage in such transactions, or that such transactions, once begun, will not be discontinued without notice.

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We estimate that our total expenses of this offering, excluding underwriting discounts, will be approximately 563,000.

Certain of the underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Certain of the underwriters and their affiliates have performed certain investment banking, advisory or general financing and banking services for us and our affiliates from time to time, for which they have received customary fees and expenses. Certain of the underwriters and their affiliates may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business. Certain of the underwriters or their affiliates have been or are lenders in connection with our existing credit facilities or dealers in connection with our commercial paper programs. These companies receive standard fees for their services.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Any underwriter that is not a broker-dealer registered with the SEC will only make sales of notes in the United States through one or more SEC-registered broker-dealers in compliance with applicable securities laws and the rules of the Financial Industry Regulatory Authority, Inc.

We have agreed to indemnify the several underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended.

It is expected that delivery of the notes will be made against payment therefor on or about May 13, 2014, which will be the fifth business day following the date of pricing of the notes (such settlement cycle being herein referred to as T+5). Purchasers of notes should be aware that the ability to settle secondary market trades of the notes effected on the date of pricing and the next succeeding business day may be affected by the T+5 settlement.

Although application will be made to list the notes on the New York Stock Exchange, the notes are new issues of securities with no established trading market. We cannot assure you that the notes will have a liquid trading market. We have been advised by the underwriters that they intend to make a market in the notes, but they are not obligated to do so and may discontinue such market-making at any time without notice.

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OFFERING RESTRICTIONS

The notes are offered for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers, only in accordance with the offering restrictions applicable in such jurisdictions.

Each of the underwriters has severally represented and agreed that it has not offered, sold or delivered and it will not offer, sell or deliver, directly or indirectly, any of the notes, or distribute this prospectus supplement or the attached prospectus or any other offering material relating to the notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as agreed to with us in advance of such offer, sale or delivery.

In particular, each underwriter has severally represented and agreed that:

In relation to each Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer to the public of notes that are the subject of the offering contemplated by this prospectus supplement and the attached prospectus in that Relevant Member State, other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by PMI for any such offer; or

$
87.62

N/A

N/A

Total share repurchases
648,130

$
88.67

563,221

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

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

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

(3) Amounts represent remaining dollar value of common shares that may yet be purchased under the October 2012 Program. In addition, the March 2011 Program allows us to repurchase up to one million additional common shares per fiscal year. Since no common shares were repurchased under the March 2011 Program in fiscal 2012, at the end of September 2012, October 2012, and November 2012, there were one million common shares that may yet have been purchased under the March 2011 Program.

Performance Graph

The following graph compares our total cumulative stockholder return with the Standard & Poor's Composite Stock Index (S&P 500) and a peer index representing the total price change of The Dun & Bradstreet Corporation; Equifax Inc.; FactSet Research Systems Inc.; Gartner, Inc.; The McGraw-Hill Companies, Inc.; Moody’s Corporation; MSCI Inc.; Reed Elsevier plc; Nielsen Holdings N.V.; Solera Holdings, Inc.; Thomson Reuters Corporation; and Verisk Analytics, Inc.

The graph assumes a $100 cash investment on November 30, 2007 and the reinvestment of all dividends (which we did not pay). This graph is not indicative of future financial performance.

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Comparison of Cumulative Total Return Among IHS Inc., S&P 500 Index, and Peer Group

Value of $100.00 investment in stock or index:

	11/30/2007	11/30/2008	11/30/2009	11/30/2010	11/30/2011	11/30/2012
IHS Inc.	$100.00	$51.74	$71.69	$103.11	$126.01	$131.37
Peer Group	$100.00	$70.33	$91.40	$108.19	$115.33	$133.64
S&P 500	$100.00	$60.51	$73.97	$79.71	$84.19	$95.61

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Item 6. Selected Financial Data

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

	Years Ended November 30,				
	2012	2011	2010	2009	2008
	(in thousands, except for per share amounts)				
Statement of Operations Data:					
Revenue	$ 1,529,869	$ 1,325,638	$ 1,057,742	$ 953,699	$ 832,276
Income from continuing operations	158,149	135,289	133,517	125,003	51,093
Income from discontinued operations	19	126	4,223	3,012	3,793
Net income	158,168	135,415	137,740	128,015	54,886
Net income attributable to IHS Inc.	$ 158,168	$ 135,415	$ 137,740	$ 125,871	$ 54,873
Basic earnings per share:					
Income from continuing operations attributable to IHS Inc.	$ 2.40	$ 2.08	$ 2.09	$ 1.95	$ 0.82
Income from discontinued operations	—	—	0.07	0.05	0.06
Net income attributable to IHS Inc.	$ 2.40	$ 2.09	$ 2.15	$ 2.00	$ 0.88
Diluted earnings per share:					
Income from continuing operations attributable to IHS Inc.	$ 2.37	$ 2.06	$ 2.06	$ 1.92	$ 0.81
Income from discontinued operations	—	—	0.07	0.05	0.06
Net income attributable to IHS Inc.	$ 2.37	$ 2.06	$ 2.13	$ 1.97	$ 0.87
Balance Sheet Data (as of period end):					
Cash and cash equivalents	$ 345,008	$ 234,685	$ 200,735	$ 124,201	$ 31,040
Total assets	3,549,211	3,073,037	2,155,702	1,675,588	1,436,180
Total long-term debt and capital leases	890,922	658,911	275,095	141	—
Total stockholders' equity	1,584,358	1,384,729	1,176,081	1,013,678	801,055

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

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

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

Executive Summary

Business Overview

We are a leading source of information, insight and analytics in critical areas that shape today's business landscape. Businesses and governments in more than 165 countries around the globe rely on our comprehensive content, expert independent analysis and flexible delivery methods to make high-impact decisions and develop strategies with speed and confidence. We have been in business since 1959 and became a publicly traded company on the New York Stock Exchange in 2005. Headquartered in Englewood, Colorado, USA, we are committed to sustainable, profitable growth and employ more than 6,000 people in 31 countries around the world.

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

Subscriptions represent over 75% of our total revenue. We sell our offerings primarily through subscriptions, which tend to generate recurring revenue and cash flow for us. Our subscriptions are usually for one-year periods and we have historically seen high renewal rates. Subscriptions are generally paid in full within one or two months after the subscription period commences; as a result, the timing of our cash flows generally precedes the recognition of revenue and income.

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 CERAWeek, our annual energy executive gathering, is held during our second quarter. Another example is the triennial release of the Boiler Pressure Vessel Code (BPVC) engineering standard, which generates revenue for us predominantly in the third quarter of every third year. The BPVC benefit most recently occurred in the third quarter of 2010.

During 2012, we invested in our people, platforms, processes, and products at a significant rate through a series of initiatives designed to boost colleague productivity, increase efficiencies, develop new and enhanced products, and create scalable platforms designed to accommodate future revenue growth without having to incur proportional increases in costs to support that growth. These initiatives include, but are not limited to:

- Vanguard – Vanguard is our plan for consolidating and standardizing billing systems, general ledgers, sales-force automation capabilities, and all supporting business processes. We are implementing Vanguard through a series of releases, which commenced in the summer of 2011 and are expected to be completed by the end of calendar 2013. In early December 2012, we implemented our fourth release, and we now have approximately 70% of our revenue transactions flowing through the Vanguard system.

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- Product development – In 2012, we had a significant number of new product introductions and enhancements. We continue to focus on product development and expect to have a significant number of new product introductions and enhancements in 2013 as well.

- Customer Care Centers of Excellence – Our three regional Customer Care Centers of Excellence are now fully operational. These centers consolidate customer-care and transaction-processing capabilities, and simplify and standardize our approach to providing dedicated customer service.

Global Operations

Approximately 50% of our revenue is transacted outside of the United States; however, only about 30% of our revenue is transacted in currencies other than the U.S. dollar. As a result, a strengthening U.S. dollar relative to certain currencies has a negative impact on our revenue; conversely, a weakening U.S. dollar has a positive impact on our revenue. However, the impact on operating income is diminished due to certain operating expenses denominated in currencies other than the U.S. dollar. Our largest foreign currency exposures, in order of magnitude, are the British Pound, the Canadian Dollar, and the Euro. See "Qualitative and Quantitative Disclosures About Market Risk – Foreign Currency Exchange Rate Risk" for additional discussion of the impacts of foreign currencies on our operations.

Key Performance Indicators

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

Revenue growth. We review year-over-year revenue growth in our segments as a key measure of our success in addressing customer needs in each region of the world 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. We drive this type of revenue growth through value realization (pricing), expanding wallet share of existing customers through up-selling and cross-selling efforts, securing new customer business, and through the sale of new offerings.

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

- Foreign currency – We define the foreign currency impact on revenue as the difference between current revenue at current exchange rates and current revenue at 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 review revenue by transaction type. Understanding revenue by transaction type helps us identify broad changes in product mix. We summarize our transaction type revenue into the following two categories:

- Subscription revenue represents the significant majority of our revenue, and is comprised of subscriptions to our various information offerings and software maintenance.
- Non-subscription revenue represents consulting services (e.g., research and analysis, modeling, and forecasting), single-document product sales, software license sales and associated services, conferences and events, and advertising. Our non-subscription products and services are an important part of our business because they

complement our subscription business in creating strong and comprehensive customer relationships.

Non-GAAP measures. We use non-GAAP financial measures such as 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 section on

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management's discussion and analysis and on our IHS website, we provide reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures.

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

Free Cash Flow. We define free cash flow as net cash provided by operating activities less capital expenditures. We define Adjusted Free Cash Flow as free cash flow plus the pension deficit funding we contributed in early 2012.

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

Business Combinations

During the year ended November 30, 2012, we completed eight business combinations for a total purchase price of approximately $306 million. During the year ended November 30, 2011, we completed five primary business combinations for a total purchase price of approximately $730 million. During the year ended November 30, 2010, we completed seven business combinations for a total purchase price of approximately $335 million. Our consolidated financial statements include the results of operations and cash flows for these business combinations beginning on their respective dates of acquisition.

Acquisitions are a key part of our growth strategy, and we expect that they will continue to be very important for us. We focus on acquisitions that have long-term growth potential, target high-growth markets, and fill a strategic need in our business portfolio as we seek to provide comprehensive solutions to our customers. Timely integration of these acquisitions provides us with increased organic growth potential as we connect these offerings for our customers.

Pricing information

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

Other Items

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

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

Stock-based compensation expense. We issue equity awards to our employees, almost exclusively restricted stock units, for which we record cost over the respective vesting periods. The typical vesting period is three years, and none of the grants

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exceed eight years. As of November 30, 2012, we had approximately 2.8 million stock-based awards outstanding, of which approximately 1.1 million were performance-based awards. The majority of the annual grants for our highest-ranking employees are performance-based awards. The vesting of the performance shares granted in 2011 and 2012 is principally based on achieving certain financial performance levels during fiscal years 2013 and 2014.

As of November 30, 2012, we believe that the target number of shares issuable for the 2013 and 2014 fiscal years will vest based on meeting certain performance targets. Using these estimates in addition to estimated 2013 grants, projected stock-based compensation expense for 2013 is expected to be approximately $138-142 million. Grant date fair values that differ from our projections or a change in the actual performance levels that we achieve could result in a change in the actual amount of stock-based compensation that we recognize. For example, in the event we do not achieve the projected performance metrics for 2013 or 2014, our stock-based compensation expense could decrease. Conversely, if we exceed the projected performance metrics, our stock-based compensation could increase.

Pension and postretirement benefits. We provide the following pension and postretirement plans:

- U.S. Retirement Income Plan (U.S. RIP) – this closed defined-benefit plan covers the majority of our employees in the United States.
- U.K. Retirement Income Plan (U.K. RIP) – this frozen defined-benefit plan covers a limited number of our employees in the United Kingdom.
- Postretirement medical plan – this plan is a contributory plan that provides access to group rates for U.S. employees who meet specified conditions.
- Supplemental Income Plan (SIP) – this plan is a non-qualified pension plan for certain company personnel.

During 2011, we undertook a comprehensive review of our U.S. RIP designed to ensure that we maintained market-competitive employee benefits while decreasing volatility. As a result of our analysis, we took the following steps in 2011 and 2012:

- Settled certain pension obligations. In 2011, we settled retiree obligations by purchasing annuities for the retiree population from a third-party insurer. In 2012, we offered lump-sum buyouts to former colleagues who are not yet receiving benefits, with nearly 60% of the eligible participants accepting the offer. The combination of these settlements resulted in a significant reduction in our pension obligations and assets, allowing us to reduce volatility in the plan.
- Changed our pension plan investment strategies. Our pension plan investment strategy now creates a better match of our pension assets and pension obligations. Approximately 75% of our U.S. RIP assets are now invested in fixed income securities with durations similar to the expected timing of pension obligation payouts.
- Changed our pension accounting policy. In 2011, we changed our pension accounting policy to an accelerated recognition method that recognizes gains and losses in the income statement more quickly than under the previous method, including a mark-to-market pension adjustment that we record in the fourth quarter of each year.
- Accelerated funding of plan contributions. We accelerated plan funding by contributing approximately $65 million to the plan in December 2011, the first month of our fiscal 2012. Approximately $57 million of this contribution allowed us to bring all deficit funding current through November 30, 2011 and pay fees and expenses associated with the third-party annuity contracts, with the remaining $8 million used to fund estimated 2012 pension costs. In December 2012, the first month of our fiscal 2013, we contributed approximately $10 million to the U.S. RIP to fund estimated 2013 pension costs.
- Closed the plan to future participants. In the first quarter of fiscal 2012, we made the decision to close the U.S. RIP to new participants effective January 1, 2012. In place of the U.S. RIP benefits, colleagues hired after January 1, 2012 receive a company non-elective contribution to their 401(k) plan balances if they are an active employee at the end of the year.

Restructuring Charges. We continue to evaluate opportunities to streamline our operations. During the last three years, we have incurred direct and incremental costs associated with consolidating positions to our Centers of Excellence as we complete successive Vanguard releases, eliminating positions to accomplish other operational efficiencies, closing facilities, and consolidating legacy data centers, including certain contract termination costs. We expect to continue to incur costs related to these and other similar activities in future periods, resulting in additional restructuring charges.

Discontinued Operations. We continue to evaluate our product portfolio, with a focus on assessing the growth profile and strategic fit of all of our offerings, ensuring they support core businesses, enable sustainable high growth rates, and provide a scalable market capability. Some of these businesses may be treated as discontinued operations if we ultimately decide to sell or abandon them, providing they meet the accounting criteria for treatment as discontinued operations.

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Critical Accounting Policies and Estimates

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

Revenue Recognition. The majority of our offerings are provided under agreements containing standard terms and conditions. Approximately 76% of our revenue is derived from the sale of subscriptions, which is initially deferred and then recognized ratably as delivered over the subscription period (generally 12 months). These standard agreements typically do not require any significant judgments about when revenue should be recognized. For non-standard agreements, we generally make judgments about revenue recognition matters such as:

•Whether sufficient legally binding terms and conditions exist;
•Whether customer acceptance has been achieved; and
•Progress on certain consulting projects where revenue is recognized on a proportional performance basis.

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

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

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

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

- Significant negative industry or economic trends;
- A significant change in the manner of our use of the acquired assets or our strategy;
- A significant decrease in the market value of the asset; and
- A significant change in legal factors or in the business climate that could affect the value of the asset.

If an impairment indicator is present, we perform an analysis to confirm whether an impairment has actually occurred and if so, the amount of the required charge.

For finite-lived intangible assets, we review the carrying amount at least annually to determine whether current events or circumstances require an adjustment to the carrying amount. A finite-lived intangible asset is considered to be impaired if its

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carrying value exceeds the estimated future undiscounted cash flows to be derived from it. Any impairment is measured by the amount that the carrying value of such assets exceeds their fair value.

For indefinite-lived intangible assets other than goodwill, we first conduct a qualitative analysis to determine whether we believe it is more likely than not that an asset has been impaired. If we believe an impairment has occurred, we then evaluate for impairment by comparing the amount by which the carrying value of the asset exceeds its fair value, primarily based on estimated discounted cash flows. We exercise judgment in selecting the assumptions used in the estimated discounted cash flows analysis.

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

The determination of fair value requires a number of significant assumptions and judgments, including assumptions about future economic conditions, revenue growth, operating margins, and discount rates. The use of different estimates or assumptions within our projected future cash flows model, or the use of a methodology other than a projected future cash flow model, could result in significantly different fair values for our goodwill and other intangible assets.

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

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

Pension and Postretirement Benefits. We account for our pension and postretirement plans in accordance with U.S. generally accepted accounting principles. During the fourth quarter of each fiscal year (or upon any remeasurement date), we immediately recognize net actuarial gains or losses in excess of a corridor in our operating results. The corridor amount is equivalent to 10% of the greater of the market-related value of plan assets or the plan's benefit obligation at the beginning of the year. We use the actual fair value of plan assets at the measurement date as the measure of the market-related value of plan assets.

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

- Discount rate – we utilized a bond matching model that averages a bond universe of about 500 AA-graded non-callable bonds between the 10th and 90th percentiles for each maturity group as a proxy for setting the discount rate at year-end.
- Asset returns are based upon the anticipated average rate of earnings expected on invested funds of the plan over the long-term.
- Demographic assumptions (such as turnover, retirement, and disability) are based upon historical experience and are monitored on a continuing basis to determine if adjustments to these assumptions are warranted in order to better

reflect anticipated future experience.

Depending on the assumptions and estimates used, our net periodic pension and postretirement benefit expense could vary significantly within a range of possible outcomes and could have a material impact on our financial results.

Discount rates and expected rates of return on plan assets are selected at the end of a given fiscal year and will impact expense in the subsequent year. A fifty-basis-point decrease in certain assumptions made at the beginning of 2012 would have resulted in the following effects on 2012 pension expense and the projected benefit obligation (PBO) as of November 30, 2012 (in thousands):

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	Impact to Pension Results - U.S. RIP	
Change in assumption	Increase/(Decrease) on 2012 Pre-Tax Expense	Increase/(Decrease) on November 30, 2012 PBO
50-basis-point decrease in discount rate	$6,539	$7,462
50-basis-point increase in discount rate	(4,896)	(6,705)
50-basis-point decrease in expected return on assets	(679)	—
50-basis-point increase in expected return on assets	679	—

	Impact to Pension Results - U.K. RIP	
Change in assumption	Increase/(Decrease) on 2012 Pre-Tax Expense	Increase/(Decrease) on November 30, 2012 PBO
50-basis-point decrease in discount rate	$3,629	$4,051
50-basis-point increase in discount rate	(3,643)	(4,050)
50-basis-point decrease in expected return on assets	(187)	—
50-basis-point increase in expected return on assets	187	—

Stock-Based Compensation. Our stock plans provide for the grant of various equity awards, including performance-based awards. For time-based restricted stock unit grants, we calculate stock-based compensation cost by multiplying the grant date fair market value by the number of shares granted, reduced for estimated forfeitures. The estimated forfeiture rate is based on historical experience, and we update our calculations quarterly based on actual experience.

For performance-based restricted stock unit grants, we calculate stock-based compensation cost by multiplying the grant date fair market value by the number of shares granted, reduced for estimated forfeitures. Each quarter, we evaluate the probability of the number of shares that are expected to vest and adjust as appropriate. For example, in the event we do not achieve the projected performance metrics for 2013 or 2014, our stock-based compensation expense would decrease. Conversely, if we exceed the projected performance metrics, our stock-based compensation would increase.

Results of Operations

Total Revenue

Total revenue for 2012 increased 15% compared to the same period of 2011. Total revenue for 2011 increased 25% compared to the same period in 2010. The table below displays the percentage point change in revenue due to organic, acquisitive, and foreign currency factors when comparing 2012 to 2011 and 2011 to 2010.

	Increase (Decrease) in Total Revenue		
(All amounts represent percentage points)	Organic	Acquisitive	Foreign Currency
2012 vs. 2011	5%	11%	(1)%
2011 vs. 2010 *	9%	16%	2%

* Excludes the impact of non-subscription revenue associated with the triennial release of a certain engineering standard. Unadjusted organic revenue growth was approximately 8%.

2012 vs. 2011. The 5% organic revenue growth for the year ended November 30, 2012 was primarily attributable to continued strength in our subscription-based business, which has consistently provided an organic revenue growth rate of seven percent or higher over the last two and a half years. The subscription-based business represented 76% of total revenue. The non-subscription business decreased organically by four percent.

The acquisition-related revenue growth for 2012 was due to acquisitions we made this year, as well as the run-out of acquisitions made in 2011. Acquisitions made during 2012 include the following:

• CAPS, Displaybank, IMS Research, and BDW Automotive in the second quarter of 2012, and

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• XēDAR, CyberRegs, GlobalSpec, and Invention Machine in the third quarter of 2012.

2011 vs. 2010. The 9% organic revenue growth for 2011 was broad-based in nature, with both the subscription and non-subscription business contributing to the growth. The subscription-based business, representing 77% of total revenue, increased 8% organically, and after excluding the 2010 revenue associated with the triennial release of the BPVC, the non-subscription businesses all contributed positively to the overall growth as well.

The acquisition-related revenue growth for 2011 was due to acquisitions we made in 2011, as well as the run-out of acquisitions made in 2010. Acquisitions made during 2011 include the following:

- ODS-Petrodata, Dyadem, and CMAI in the second quarter of 2011,
- SMT in the third quarter of 2011, and
- Purvin & Gertz in the fourth quarter of 2011.

Revenue by Segment (geography)

	Year Ended November 30,			% Change	% Change
(In thousands, except percentages)	2012	2011	2010	2012 vs. 2011	2011 vs. 2010
Revenue:					
Americas	$912,490	$798,673	655,449	14 %	22 %
EMEA	443,385	384,441	304,375	15 %	26 %
APAC	173,994	142,524	97,918	22 %	46 %
Total revenue	$1,529,869	$1,325,638	$1,057,742	15 %	25 %
As a percent of total revenue:					
Americas	60 %	60 %	62 %		
EMEA	29 %	29 %	29 %		
APAC	11 %	11 %	9 %		

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

	2012 vs. 2011			2011 vs. 2010		
(All amounts represent percentage points)	Organic	Acquisitive	Foreign Currency	Organic	Acquisitive	Foreign Currency
Americas revenue	3 %	11 %	— %	8 %	14 %	1 %
EMEA revenue	7 %	10 %	(2)%	6 %	18 %	3 %
APAC revenue	9 %	14 %	— %	18 %	25 %	3 %

2012 vs. 2011. We experienced organic revenue growth in all three geographies, with subscription-based revenue driving the majority of the increases. Organic growth for the Americas was driven largely by a seven percent organic increase in subscription revenue, partially offset by a ten percent organic decline in non-subscription revenue, which was caused by significant increases in sales cycles and delays in customer decisions on key projects due to macro-economic and geopolitical uncertainty. EMEA's organic growth was broad-based, with subscriptions growing at a six percent rate and non-subscriptions growing at eight percent. A portion of the non-subscription increase was primarily due to an increase in consulting revenue. APAC's organic growth continues to be a strong contributor, with a 12 percent growth rate for subscriptions and a one percent growth rate for non-subscriptions.

2011 vs. 2010. We experienced broad-based organic revenue growth in all three geographies, with subscription-based revenue and Energy revenue providing key contributions to the growth. We doubled our presence in Latin America and APAC primarily through investment during 2011 in an effort to take advantage of these high-opportunity geographies.

Revenue by Transaction Type

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(In thousands, except percentages)	Year Ended November 30, 2012	2011	2010	% Change 2012 vs. 2011	% Change 2011 vs. 2010
Revenue:					
Subscription	$1,157,347	$1,020,800	$835,322	13 %	22 %
Non-subscription revenue	372,522	304,838	222,420	22 %	37 %
Total revenue	$1,529,869	$1,325,638	$1,057,742	15 %	25 %
As a percent of total revenue:					
Subscription	76 %	77 %	79 %		
Non-subscription revenue	24 %	23 %	21 %		

2012 vs. 2011. Relative to the 13 percent subscription revenue growth for the year ended November 30, 2012, approximately eight percent is due to organic growth. This trend is especially important for us, as subscription-based revenue is at the core of our business model. Subscriptions represent a steady and predictable source of revenue for us, and we continue to see good traction in our pricing practices and stable renewal rates. The 22% increase in the non-subscription business was primarily due to acquisitions, with non-subscription revenue decreasing four percent organically during the year. Non-subscription performance slowed in key service lines and in new license revenue as sales cycles extended and there was a pause in customers' discretionary capital and expense spending.

2011 vs. 2010. Relative to the 22 percent subscription revenue growth for the year ended November 30, 2011, approximately eight percent was due to organic growth. The non-subscription business also performed well in 2011, with positive organic growth in all areas after excluding the BPVC engineering standard impact from 2010.

Operating Expenses

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

(In thousands, except percentages)	Year Ended November 30, 2012	2011	2010	% Change 2012 vs. 2011	% Change 2011 vs. 2010
Operating expenses:					
Cost of revenue	$624,514	$558,492	$446,971	12 %	25 %
SG&A expense	$534,043	$453,481	$358,012	18 %	27 %
Depreciation and amortization expense	$118,243	$88,039	59,474	34 %	48 %
As a percent of revenue:					
Cost of revenue	41 %	42 %	42 %		
SG&A expense	35 %	34 %	34 %		
Depreciation and amortization expense	8 %	7 %	6 %		
Supplemental information:					
SG&A expense excluding stock-based compensation	$418,706	$370,967	$295,171	13 %	26 %
As a percent of revenue	27 %	28 %	28 %		

Cost of Revenue

In 2012, 2011, and 2010, cost of revenue increased in line with the increase in revenue. We continue to invest in our people, platforms, processes, and products in support of our goals to increase top- and bottom-line growth.

Selling, General and Administrative (SG&A) Expense

We evaluate our SG&A expense excluding stock-based compensation expense. While we continue to invest in our business, we also strive to invest only where necessary to drive scale and growth in key industries and core markets. SG&A expense has consequently remained relatively flat as a percentage of revenue compared to the prior-year periods.

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Our stock-based compensation expense has continued to increase each year as a result of an increase in the number of employees, an increase in our stock price, and the achievement or overachievement of certain performance metrics. We expect that stock-based compensation expense will continue to grow in future years, as we utilize our stock plan to reward and provide an incentive for our colleagues to help the business succeed.

Depreciation and Amortization Expense

For 2012, compared to 2011, depreciation and amortization expense increased primarily due to the increase in depreciable and amortizable assets from acquisitions, as well as an increase of approximately $10 million in capital expenditures. For 2011, compared to 2010, our depreciation and amortization expense increased primarily due to the increase in depreciable and amortizable assets from acquisitions, as well as an increase of approximately $23 million in capital expenditures related to our various investment initiatives in our facilities and infrastructure.

Restructuring

We incurred $17 million of restructuring charges during 2012, which is an increase over prior years because of the benefits that we are now starting to realize with respect to Vanguard and other company priorities that allow us to simplify our processes and standardize our platforms in order to enable our existing workforce to accomplish more with the same or fewer resources.

Acquisition-related Costs

We incurred $4 million of costs in 2012 for integration and other acquisition-related activities. Because acquisitions are a key component of our growth strategy, we expect that we will continue to perform similar activities for future acquisitions, and we intend to continue identifying these costs in a separate line item of our financial statements.

Pension and Postretirement Expense

The following table shows the components of net periodic pension and postretirement expense (in thousands):

	Year Ended November 30,		
	2012	2011	2010
Net service cost	$7,996	$3,101	$1,852
Settlement expense	4,930	21,359	—
Fourth quarter mark-to-market adjustment	11,991	20,535	8,735
Total	$24,917	$44,995	$10,587

In 2011 and 2012, pension and postretirement expense has been considerably higher due to the settlement costs incurred to annuitize retirees in 2011 and to facilitate the lump-sum buyout offers that we made in 2012. Pension and postretirement expense was further impacted by the fourth quarter mark-to-market adjustments that we recorded in accordance with our accounting policy for pension and postretirement benefits.

We expect 2013 net service cost, prior to any fourth quarter mark-to-market adjustments, to be approximately $9 million. As we have completed the major elements of our U.S. RIP redesign as previously outlined, we do not expect to incur any settlement expense in 2013.

Operating Income by Segment (geography)

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	Year Ended November 30,			% Change	% Change
(In thousands, except percentages)	2012	2011	2010	2012 vs. 2011	2011 vs. 2010
Operating income:					
Americas	$262,953	$224,699	$197,146	17 %	14 %
EMEA	95,144	82,314	66,363	16 %	24 %
APAC	46,042	44,452	32,601	4 %	36 %
Shared services	(196,852)	(178,997)	(121,981)		
Total operating income	$207,287	$172,468	$174,129	20 %	(1)%
As a percent of segment revenue:					
Americas	29 %	28 %	30 %		
EMEA	21 %	21 %	22 %		
APAC	26 %	31 %	33 %		

2012 vs. 2011. The increase to Americas operating income margin was primarily driven by cost management efforts in the region. We are continuing to carefully manage our business costs during these difficult economic times.

EMEA operating income margin was relatively flat as a percentage of segment revenue. As with the Americas, we continue to manage costs in this region, despite increases in depreciation and amortization costs when compared with the prior year.

The decrease in APAC operating income margin continues to be driven by our increased investment in our sales and operations teams in the region.

Shared services operating expense increased primarily because of the increase in stock-based compensation expense for 2012. We allocate all stock-based compensation expense to our shared services function. A portion of this increase was offset by a decrease in pension and postretirement expense.

2011 vs. 2010. The decrease to Americas operating income margin was primarily driven by the effects of recent acquisition activity, particularly in the form of increased depreciation and amortization associated with acquired intangible assets, as well as associated integration and other acquisition-related costs.

EMEA operating income margin was relatively flat, with minor fluctuations attributable to increased depreciation and amortization and SG&A costs.

The decrease in APAC operating income margin is primarily a result of an increase in SG&A investment to drive growth opportunities in this emerging market.

Shared services operating expense increased primarily because of the change in pension accounting and the annuitization of retiree pension obligations, as well as an increase in stock-based compensation expense for 2011.

Provision for Income Taxes

Our effective tax rate for the year ended November 30, 2012 was 15.7%, compared to 16.5% in 2011 and 22.7% in 2010. The effective tax rate for fiscal year 2012 varies from the effective tax rates for fiscal years 2011 and 2010 primarily as a result of higher profit levels, lower tax rates, and incentive credits in our foreign tax jurisdictions. Because of the discrete nature of certain tax benefits we received in 2012, we expect that our effective tax rate will increase next year.

Adjusted EBITDA (non-GAAP measure)

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(In thousands, except percentages)	Year Ended November 30, 2012	2011	2010	% Change 2012 vs. 2011	% Change 2011 vs. 2010
Net income	$158,168	$135,415	$137,740	17 %	(2)%
Interest income	(999)	(862)	(655)		
Interest expense	20,573	11,346	2,036		
Provision for income taxes	29,564	26,695	39,231		
Depreciation and amortization	118,243	88,039	59,474		
EBITDA	$325,549	$260,633	$237,826	25 %	10 %
Stock-based compensation expense	121,543	86,194	66,474		
Restructuring charges	16,829	1,242	9,022		
Acquisition-related costs	4,147	8,000	—		
Non-cash net periodic pension and postretirement expense	16,922	44,648	9,598		
Income from discontinued operations, net	(19)	(126)	(4,223)		
Adjusted EBITDA	$484,971	$400,591	$318,697	21 %	26 %
Adjusted EBITDA as a percentage of revenue	31.7 %	30.2 %	30.1 %		

Our Adjusted EBITDA for 2012 increased primarily because of our organic subscription revenue growth, acquisitions, and the leverage in our business model, despite the fact we continued to invest substantially in both the core business and in key transformative initiatives.

Our 2011 Adjusted EBITDA increased for many of the same reasons as in 2012, in addition to seeing continuing improvement in our recent acquisitions' collective margin as the year progressed.

Financial Condition

(In thousands, except percentages)	As of November 30, 2012	As of November 30, 2011	Dollar change	Percent change
Accounts receivable, net	$372,117	$ 326,009	$46,108	14 %
Accrued compensation	50,497	57,516	(7,019)	(12)%
Deferred revenue	515,318	487,172	28,146	6 %

The increase in our accounts receivable balance was primarily due to the acquisitions we made in 2012 and higher sales, and is in line with the overall increase in revenue. The decrease in accrued compensation is primarily due to lower attainment of certain performance objectives associated with our annual incentive plan, as well as a payroll accrual timing difference. The increase in deferred revenue is primarily due to organic growth. The organic growth rate in deferred revenue was muted by the timing of billings associated with our SAP implementation, as well as the timing of certain renewals.

Liquidity and Capital Resources

As of November 30, 2012, we had cash and cash equivalents of $345 million, of which approximately $276 million is currently held by our foreign subsidiaries. The cash held by our foreign subsidiaries is not available to fund domestic operations, as we have deemed the earnings of these subsidiaries to be indefinitely reinvested. We also had $1.061 billion of debt as of November 30, 2012, which has contributed to an increase in interest expense in 2012, and which will continue to result in increased interest expense for the near future. We have generated strong cash flows from operations over the last few years. Because of our cash, debt, cash flow, and the additional financing that we secured in August 2012, we believe we will have sufficient cash to meet our working capital and capital expenditure needs.

Historically, we were not required to make cash contributions to our U.S. RIP pension plan because of its funded status. However, due to the global economic downturn, which negatively impacted the returns on our pension assets, we were required to make a cash contribution to our U.S. RIP in fiscal 2012. In considering that requirement and the various changes to our pension strategy, including the annuitization of retiree pension obligations, bringing our pension deficit current, and funding our 2012 pension costs, we made a $65 million contribution to the pension plan in December 2011, the first month of our 2012 fiscal year. Approximately $57 million of the contribution was used for the annuitization and bringing our deficit current, with the remaining $8 million used to fund expected 2012 pension costs. In December 2012, the first month of our 2013 fiscal year, we made a $10 million contribution to the pension plan to fund estimated 2013 pension costs, and we anticipate that we will continue to contribute approximately the same amount in future years to cover annual service costs.

Our future capital requirements will depend on many factors, including the level of future acquisitions, the need for additional facilities or facility improvements, the timing and extent of spending to support product development efforts, information technology infrastructure investments, investments in our internal business applications, and the continued market acceptance of our offerings. We could be required, or could elect, to seek additional funding through public or private equity or debt financing for any possible future acquisitions; however, additional funds may not be available on terms acceptable to us. We expect our capital expenditures to be approximately five percent of revenue in 2013.

Cash Flows

	Year Ended November 30,			% Change	% Change
(In thousands, except percentages)	2012	2011	2010	2012 vs. 2011	2011 vs. 2010
Net cash provided by operating activities	$314,373	$342,050	$266,188	(8)%	28%
Net cash used in investing activities	(375,260)	(793,238)	(366,960)	(53)%	116%
Net cash provided by financing activities	179,411	482,817	181,602	(63)%	166%

2012 vs. 2011. The decrease in net cash provided by operating activities was principally due to the $65 million pension funding contribution we made in December 2011, partially offset by continued improvements in business performance. Our subscription-based business model continues to be a cash flow generator that is aided by positive working capital characteristics that do not generally require substantial working capital increases to support our growth.

The decrease in net cash used in investing activities was principally due to smaller acquisitions that we completed in 2012 compared to 2011, particularly the acquisition of SMT. Part of the decrease was offset by increased capital expenditures associated with continued investment in the business.

The decrease in net cash provided by financing activities for 2012 was principally due to the significant amount of borrowings against our credit facility in 2011 that we used to fund the acquisition of SMT. In 2012, we also began a treasury share repurchase program in the fourth quarter that contributed to significant financing cash outflows.

2011 vs. 2010. The increase in net cash provided by operating activities was principally due to continued profitable business growth, as evidenced by healthy organic revenue growth rates.

The increase in net cash used in investing activities was principally due to significant acquisition activities in the second and third quarters of 2011, particularly the acquisition of SMT. We also significantly increased capital expenditures for various investment initiatives in our facilities and infrastructure.

The increase in net cash provided by financing activities for 2012 was principally due to borrowings against our credit facility to fund the acquisition of SMT.

Free Cash Flow (non-GAAP measure)

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

(In thousands, except percentages)	Year Ended November 30, 2012	2011	2010	% Change 2012 vs. 2011	% Change 2011 vs. 2010
Net cash provided by operating activities	$314,373	$342,050	$266,188		
Capital expenditures on property and equipment	(64,732)	(54,340)	(31,836)		
Free cash flow	249,641	287,710	234,352		
Pension deficit funding	57,000	—	—		
Adjusted free cash flow	$306,641	$287,710	$234,352	7%	23%

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

Credit Facility and Other Debt

Please refer to Note 8 to the Consolidated Financial Statements in this Form 10-K for a discussion of the current status of our term loans and revolving credit agreement, including the recent expansion of our credit facility and the completion of a new term loan agreement.

We utilized the proceeds from the August 29, 2012 term loan transactions to reduce the outstanding borrowings under the revolver; consequently, there was no net increase to our debt position as a result of the transactions. The additional capacity created within the revolver will be used for general corporate purposes, including acquisitions and working capital.

Share Repurchase Programs

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

Off-Balance Sheet Transactions

We have no off-balance sheet transactions.

Contractual Obligations and Commercial Commitments

We have various contractual obligations and commercial commitments that 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, 2012, along with the obligations associated with our term loans, and the future periods in which such obligations are expected to be settled in cash (in thousands):

		Payment due by period			
Contractual Obligations and Commercial Commitments	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Term loan debt and interest	$785,137	$68,328	$689,707	$27,102	$—
Operating lease obligations	200,716	43,643	65,834	51,196	40,043
Unconditional purchase obligations	28,343	12,194	16,083	66	—
Total	$1,014,196	$124,165	$771,624	$78,364	$40,043

We have four pension and postretirement benefit plans, with the following estimated cash contributions for 2013:

- U.S. RIP – We made a $10 million contribution to the U.S. RIP in December 2012, the first month of our fiscal 2013, primarily to be used to fund estimated 2013 pension costs.
- U.K. RIP – We expect to contribute approximately $1.8 million to the UK RIP in 2013.
- SIP – We expect to contribute approximately $0.7 million to the SIP during 2013.
- Postretirement medical plan – We expect to contribute approximately $0.9 million to the postretirement medical plan during 2013.

We have $310 million of outstanding borrowings under our credit facility revolver at a current annual interest rate of 1.75%. The credit facility has a five-year term ending in January 2016.

Recent Accounting Pronouncements

Please refer to Note 2 to the Consolidated Financial Statements in this Form 10-K for a discussion of recent accounting pronouncements and their anticipated effect on our business.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

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Interest Rate Risk

As of November 30, 2012, we had no investments other than cash and cash equivalents and therefore we were not exposed to material interest rate risk on investments.

Our term loan is subject to variable interest rates. In April and June of 2011, to mitigate interest rate exposure on our outstanding credit facility debt, we entered into two interest rate derivative contracts that effectively swap $100 million of floating rate debt for fixed rate debt at a 3.30% weighted average interest rate, which rate includes the current credit facility spread. Both of these interest rate swaps expire in July 2015. Our credit facility borrowings are also subject to variable interest rates. A hypothetical 10% adverse movement in interest rates related to the term loan, credit facility borrowings, or derivative contracts would have resulted in an increase of approximately $0.8 million in interest expense.

Foreign Currency Exchange Rate Risk

Our consolidated financial statements are expressed in U.S. dollars, but a portion of our business is conducted in currencies other than U.S. dollars. Changes in the exchange rates for such currencies into U.S. dollars can affect our revenues, earnings, and the carrying values of our assets and liabilities in our consolidated balance sheet, either positively or negatively. Fluctuations in foreign currency rates increased (decreased) our revenues by $(9.3) million, $16.1 million, and $6.1 million for the years ended November 30, 2012, 2011, and 2010, respectively, and increased our operating income by $0.9 million, $1.4 million, and $1.1 million for the same respective periods. The translation effects of changes in exchange rates in our consolidated balance sheet are recorded within the cumulative translation adjustment component of our stockholders’ equity. In 2012, we recorded cumulative translation gain of $6.2 million, reflecting changes in exchange rates of various currencies compared to the U.S. dollar.

A 10% change in the currencies that we are primarily exposed to would have impacted our 2012 revenue and operating income by approximately $42.9 million and $1.5 million, respectively. Approximately 71% of total revenue was earned in subsidiaries with the U.S. dollar as the functional currency.

Credit Risk

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

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of IHS Inc.

We have audited the accompanying consolidated balance sheets of IHS Inc. (the Company) as of November 30, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended November 30, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of IHS Inc. at November 30, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 30, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), IHS Inc.'s internal control over financial reporting as of November 30, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 18, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young

Denver, Colorado
January 18, 2013

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Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of November 30, 2012, based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of November 30, 2012.

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

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

Date: January 18, 2013

/s/ Jerre L. Stead
Jerre L. Stead
Chairman and Chief Executive Officer

/s/ Todd S. Hyatt
Todd S. Hyatt
Senior Vice President, Chief Financial and IT Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders of IHS Inc.

We have audited IHS Inc.'s internal control over financial reporting as of November 30, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). IHS Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, IHS Inc. maintained, in all material respects, effective internal control over financial reporting as of November 30, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of IHS Inc. as of November 30, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended November 30, 2012 and our report dated January 18, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young

Denver, Colorado
January 18, 2013

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IHS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per-share amounts)

	As of November 30, 2012	As of November 30, 2011
Assets		
Current assets:		
Cash and cash equivalents	$345,008	$234,685
Accounts receivable, net	372,117	326,009
Income tax receivable	20,464	25,194
Deferred subscription costs	47,065	43,136
Deferred income taxes	55,084	45,253
Other	24,145	23,801
Total current assets	863,883	698,078
Non-current assets:		
Property and equipment, net	163,013	128,418
Intangible assets, net	554,552	514,949
Goodwill	1,959,223	1,722,312
Other	8,540	9,280
Total non-current assets	2,685,328	2,374,959
Total assets	$3,549,211	$3,073,037
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$170,102	$144,563
Accounts payable	52,079	32,428
Accrued compensation	50,497	57,516
Accrued royalties	33,637	26,178
Other accrued expenses	55,304	69,000
Deferred revenue	515,318	487,172
Total current liabilities	876,937	816,857
Long-term debt	890,922	658,911
Accrued pension liability	19,602	59,460
Accrued postretirement benefits	10,425	9,200
Deferred income taxes	139,235	123,895
Other liabilities	27,732	19,985
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, $0.01 par value per share, 160,000,000 shares authorized, 67,621,367 and 67,527,344 shares issued, and 65,577,530 and 65,121,884 shares outstanding at November 30, 2012 and November 30, 2011, respectively	676	675
Additional paid-in capital	681,409	636,440
Treasury stock, at cost: 2,043,837 and 2,405,460 shares at November 30, 2012 and 2011, respectively	(139,821)	(133,803)
Retained earnings	1,088,787	930,619
Accumulated other comprehensive loss	(46,693)	(49,202)
Total stockholders' equity	1,584,358	1,384,729

Total liabilities and stockholders’ equity	$3,549,211	$3,073,037

See accompanying notes.

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

	Year Ended November 30, 2012	2011	2010
Revenue:			
Products	$1,322,369	$1,151,091	$935,082
Services	207,500	174,547	122,660
Total revenue	1,529,869	1,325,638	1,057,742
Operating expenses:			
Cost of revenue:			
Products	527,214	464,138	372,592
Services	97,300	94,354	74,379
Total cost of revenue (includes stock-based compensation expense of $6,206; $3,680; and $3,633 for the years ended November 30, 2012, 2011, and 2010, respectively)	624,514	558,492	446,971
Selling, general and administrative (includes stock-based compensation expense of $115,337; $82,514; and $62,841 for the years ended November 30, 2012, 2011, and 2010, respectively)	534,043	453,481	358,012
Depreciation and amortization	118,243	88,039	59,474
Restructuring charges	16,829	1,242	9,022
Acquisition-related costs	4,147	8,000	—
Net periodic pension and postretirement expense	24,917	44,995	10,587
Other income, net	(111)	(1,079)	(453)
Total operating expenses	1,322,582	1,153,170	883,613
Operating income	207,287	172,468	174,129
Interest income	999	862	655
Interest expense	(20,573)	(11,346)	(2,036)
Non-operating expense, net	(19,574)	(10,484)	(1,381)
Income from continuing operations before income taxes	187,713	161,984	172,748
Provision for income taxes	(29,564)	(26,695)	(39,231)
Income from continuing operations	158,149	135,289	133,517
Income from discontinued operations, net	19	126	4,223
Net income	$158,168	$135,415	$137,740
Basic earnings per share:			
Income from continuing operations	$2.40	$2.08	$2.09
Income from discontinued operations, net	—	—	0.07
Net income	$2.40	$2.09	$2.15
Weighted average shares used in computing basic earnings per share	65,840	64,938	63,964
Diluted earnings per share:			
Income from continuing operations	$2.37	$2.06	$2.06
Income from discontinued operations, net	—	—	0.07
Net income	$2.37	$2.06	$2.13

Weighted average shares used in computing diluted earnings per share	66,735	65,716	64,719

See accompanying notes.

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

	Year Ended November 30,		
	2012	2011	2010
Net income	$158,168	$135,415	$137,740
Other comprehensive income (loss), net of tax:			
Unrealized losses on hedging activities	(307)	(1,918)	—
Foreign currency translation adjustment	6,237	6,680	(18,186)
Net pension liability adjustment	(3,421)	5,375	960
Total other comprehensive income (loss)	2,509	10,137	(17,226)
Comprehensive income	$160,677	$145,552	$120,514

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

	Year Ended November 30, 2012	2011	2010
Operating activities:			
Net income	$158,168	$135,415	$137,740
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	118,243	88,039	59,474
Stock-based compensation expense	121,543	86,194	66,474
Excess tax benefit from stock-based compensation	(13,199)	(9,943)	(5,024)
Net periodic pension and postretirement expense	24,917	44,648	9,598
Pension and postretirement contributions	(68,339)	—	—
Deferred income taxes	(16,451)	(1,683)	(5,699)
Change in assets and liabilities:			
Accounts receivable, net	(35,410)	(35,137)	(37,886)
Other current assets	(2,246)	(1,508)	(2,565)
Accounts payable	22,383	(4,302)	3,017
Accrued expenses	(17,567)	5,267	(800)
Income tax payable	21,220	(9,082)	6,547
Deferred revenue	692	43,757	36,268
Other liabilities	419	385	(956)
Net cash provided by operating activities	314,373	342,050	266,188
Investing activities:			
Capital expenditures on property and equipment	(64,732)	(54,340)	(31,836)
Acquisitions of businesses, net of cash acquired	(306,268)	(730,058)	(334,514)
Intangible assets acquired	(3,700)	(2,985)	—
Change in other assets	1,708	(5,687)	(186)
Settlements of forward contracts	(2,268)	(168)	(424)
Net cash used in investing activities	(375,260)	(793,238)	(366,960)
Financing activities:			
Proceeds from borrowings	750,001	954,031	245,000
Repayment of borrowings	(493,080)	(444,775)	(43,300)
Payment of debt issuance costs	(824)	(6,326)	—
Excess tax benefit from stock-based compensation	13,199	9,992	5,024
Proceeds from the exercise of employee stock options	2,938	2,144	1,320
Repurchases of common stock	(92,823)	(32,249)	(26,442)
Net cash provided by financing activities	179,411	482,817	181,602
Foreign exchange impact on cash balance	(8,201)	2,321	(4,296)
Net increase in cash and cash equivalents	110,323	33,950	76,534
Cash and cash equivalents at the beginning of the period	234,685	200,735	124,201
Cash and cash equivalents at the end of the period	$345,008	$234,685	$200,735

See accompanying notes.

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

	Shares of Class A Common Stock	Class A Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at November 30, 2009	63,284	$648	$472,791	$(75,112)	$657,464	$(42,113)	$1,013,678
Stock-based award activity	965	14	64,746	(26,442)	—	—	38,318
Excess tax benefit on vested shares	—	—	3,571	—	—	—	3,571
Net income	—	—	—	—	137,740	—	137,740
Other comprehensive loss	—	—	—	—	—	(17,226)	(17,226)
Balance at November 30, 2010	64,249	$662	$541,108	$(101,554)	$795,204	$(59,339)	$1,176,081
Stock-based award activity	873	13	85,389	(32,249)	—	—	53,153
Excess tax benefit on vested shares	—	—	9,943	—	—	—	9,943
Net income	—	—	—	—	135,415	—	135,415
Other comprehensive income	—	—	—	—	—	10,137	10,137
Balance at November 30, 2011	65,122	$675	$636,440	$(133,803)	$930,619	$(49,202)	$1,384,729
Stock-based award activity	1,019	1	31,770	43,769	—	—	75,540
Excess tax benefit on vested shares	—	—	13,199	—	—	—	13,199
Repurchases of common stock	(563)	—	—	(49,787)	—	—	(49,787)
Net income	—	—	—	—	158,168	—	158,168
Other comprehensive income	—	—	—	—	—	2,509	2,509
Balance at November 30, 2012	65,578	$676	$681,409	$(139,821)	$1,088,787	$(46,693)	$1,584,358

See accompanying notes.

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IHS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

We are a leading source of information, insight and analytics in critical areas that shape today's business landscape. Businesses and governments in more than 165 countries around the globe rely on our comprehensive content, expert independent analysis and flexible delivery methods to make high-impact decisions and develop strategies with speed and confidence. We have been in business since 1959 and became a publicly traded company on the New York Stock Exchange in 2005. Headquartered in Englewood, Colorado, USA, we are committed to sustainable, profitable growth and employ more than 6,000 people in 31 countries around the world.

We have organized our business around our customers and the geographies in which they reside: Americas, EMEA, and APAC. Our integrated global organization makes it easier for our customers to do business with us by providing a cohesive, consistent, and effective sales-and-marketing approach in each local geography. We sell our offerings primarily through subscriptions, which tend to generate recurring revenue and cash flow for us. Our subscriptions are usually for one-year periods, and we have historically seen high renewal rates. Subscriptions are generally paid in full within one or two months after the subscription period commences; as a result, the timing of our cash flows generally precedes the recognition of revenue and income.

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 CERAWeek, our annual energy executive gathering, is held during our second quarter. Another example is the triennial release of the Boiler Pressure Vessel Code (BPVC) engineering standard, which generates revenue for us predominantly in the third quarter of every third year. The BPVC benefit most recently occurred in the third quarter of 2010.

2. Significant Accounting Policies

Fiscal Year End
Our fiscal year ends on November 30 of each year. References herein to individual years mean the year ended November 30. For example, 2012 means the year ended November 30, 2012.

Consolidation Policy
The consolidated financial statements include the accounts of all wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates have been made in areas that include revenue recognition, valuation of long-lived and intangible assets and goodwill, income taxes, pension and postretirement benefits, and stock-based compensation. Actual results could differ from those estimates.

Concentration of Credit Risk
We are exposed to credit risk associated with cash equivalents, foreign currency and interest rate derivatives, and trade receivables. We do not believe that our cash equivalents or investments present significant credit risks because the counterparties to the instruments consist of major financial institutions that are financially sound or have been

capitalized by the U.S. government and we manage the notional amount of contracts entered into with any counterparty. Substantially all trade receivable balances are unsecured. The concentration of credit risk with respect to trade receivables is limited by the large number of customers in our customer base and their dispersion across various industries and geographic areas. We perform ongoing credit evaluations of our customers and maintain an allowance for probable credit losses. The allowance is based upon management's assessment of known credit risks as well as general industry and economic conditions. Specific accounts receivable are written off upon notification of bankruptcy or once it is determined the account is significantly past due and collection efforts are unsuccessful.

Fair Value of Financial Instruments

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The carrying values of our financial instruments, including cash, accounts receivable, accounts payable, and short-term and long-term debt, approximate their fair value.

Financial instruments included in pension plan assets are stated at fair value, and are categorized into the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.

Level 2 – Inputs other than quoted prices within Level 1 that are observable either directly or indirectly, including but not limited to quoted prices in markets that are not active, quoted prices in active markets for similar assets or liabilities, and observable inputs other than quoted prices such as interest rates or yield curves.

Level 3 – Unobservable inputs reflecting our own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Revenue Recognition
Revenue is recognized when all of the following criteria have been met: (a) persuasive evidence of an arrangement exists, (b) delivery has occurred or services have been rendered, (c) the price to the customer is fixed or determinable, and (d) collectibility is reasonably assured.

The majority of our revenue is derived from the sale of subscriptions, which is initially deferred and then recognized ratably as delivered over the subscription period, which is generally 12 months.

Revenue is recognized upon delivery for non-subscription sales.

In certain locations, we use dealers to distribute our Critical Information and Insight. Revenue for products sold through dealers is recognized as follows:

- For subscription offerings, revenue is recognized ratably as delivered to the end user over the subscription period.
- For non-subscription offerings, revenue is recognized upon delivery to the dealer.

We do not defer the revenue for the limited number of sales of subscriptions in which we act as a sales agent for third parties and we have no continuing responsibility to maintain and update the underlying database. We recognize this revenue on a net basis upon the sale of these subscriptions and delivery of the information and tools.

Services
We provide our customers with service offerings that are primarily sold on a stand-alone basis and on a significantly more limited basis as part of a multiple-element arrangement. Our service offerings are generally separately priced in a standard price book. For services that are not in a standard price book, as the price varies based on the nature and complexity of the service offering, pricing is based on the estimated amount of time to be incurred at standard billing rates for the estimated underlying effort for executing the associated deliverable in the contract. Revenue related to services performed under time-and-material-based contracts is recognized in the period performed at standard billing rates. Revenue associated with fixed-price contracts is recognized upon completion of each specified performance obligation or proportionally based upon performance progress under the terms of the contract. See discussion of “multiple-element arrangements” below. If the contract includes acceptance contingencies, revenue is recognized in the period in which we receive documentation of acceptance from the customer.

Software

We continue to increase our sales of software products and maintenance contracts. In addition to meeting the standard revenue recognition criteria described above, software license revenue must also meet the requirement that vendor-specific objective evidence ("VSOE") of the fair value of undelivered elements exists. As a significant portion of our software licenses are sold in multiple-element arrangements that include either maintenance or, in more limited circumstances, both maintenance and professional services, we use the residual method to determine the amount of license revenue to be recognized. Under the residual method, consideration is allocated to undelivered elements based upon VSOE of the fair value of those elements, with the residual of the arrangement fee allocated to and recognized as license revenue. We recognize license revenue upon delivery, with maintenance revenue recognized ratably over the maintenance period. We have established VSOE of the fair value of maintenance through independent maintenance renewals, which demonstrate a consistent relationship of pricing maintenance as a percentage of the discounted or undiscounted license list price. VSOE of the fair value of professional services is established based on daily rates when sold on a stand-alone basis.

Multiple-element arrangements

Occasionally, we may execute contracts with customers which contain multiple offerings. In our business, multiple-element arrangements refer to contracts with separate fees for subscription offerings, decision-support tools, maintenance, and/or related services. We have established separate units of accounting as each offering is primarily sold on a stand-alone basis. Using the relative selling price method, each element of the arrangement is allocated based generally on stand-alone sales of these products and services, which constitutes VSOE of selling price. We do not use any other factors, inputs, assumptions, or methods to determine an estimated selling price. We recognize the elements of the contract as follows:

- Subscription offerings and license fees are recognized ratably over the license period as long as there is an associated licensing period or a future obligation. Otherwise, revenue is recognized upon delivery.
- For non-subscription offerings of a multiple-element arrangement, the revenue is generally recognized for each element in the period in which delivery of the product to the customer occurs, completion of services occurs or, for post-contract support, ratably over the term of the maintenance period.
- In some instances, customer acceptance is required for consulting services rendered. For those transactions, the service revenue component of the arrangement is recognized in the period that customer acceptance is obtained.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

Deferred Subscription Costs

Deferred subscription costs represent royalties and commissions associated with customer subscriptions. These costs are deferred and amortized to expense over the period of the subscriptions.

Property and Equipment

Land, buildings and improvements, machinery and equipment are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	7	to	30	years
Machinery and equipment	3	to	10	years

Leasehold improvements are depreciated over their estimated useful life, or the life of the lease, whichever is shorter. Maintenance, repairs and renewals of a minor nature are expensed as incurred. Betterments and major renewals which extend the useful lives of buildings, improvements, and equipment are capitalized. We also capitalize certain internal-use software development costs in accordance with applicable accounting principles.

Leases

In certain circumstances, we enter into leases with free rent periods or rent escalations over the term of the lease. In such cases, we calculate the total payments over the term of the lease and record them ratably as rent expense over that term.

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 must identify and attribute values and estimated lives to the intangible assets acquired. We evaluate our intangible assets and goodwill for impairment at least annually, as well as whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Impairments are expensed as incurred.

Finite-lived intangible assets

Identifiable intangible assets with finite lives are generally amortized on a straight-line basis over their respective lives, as follows:

Information databases	3	to	15	years
Customer relationships	1	to	15	years
Non-compete agreements	1	to	5	years
Developed computer software	3	to	10	years
Other	3	to	7	years

Indefinite-lived intangible assets
Beginning in 2012, when performing the impairment test for indefinite-lived intangible assets, which consist of trade names and perpetual licenses, we first conduct a qualitative analysis to determine whether we believe it is more likely than not that an asset has been impaired. If we believe an impairment has occurred, we then evaluate for impairment by comparing the amount by which the carrying value of the asset exceeds its fair value. An impairment charge is recognized if the asset's estimated fair value is less than its carrying value.

We estimate the fair value based on the relief from royalty method using projected discounted future cash flows, which, in turn, are based on our views of uncertain variables such as growth rates, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. The use of different estimates or assumptions within our discounted cash flow model when determining the fair value of our indefinite-lived intangible assets or using a methodology other than a discounted cash flow model could result in different values for our indefinite-lived intangible assets and could result in an impairment charge.

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. We determine the fair value of our reporting units based on projected future discounted cash flows, which, in turn, are based on our views of uncertain variables such as growth rates, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. There were no deficiencies in reporting unit fair values versus carrying values in the fiscal years ended November 30, 2012, 2011, and 2010.

•If necessary, 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 deficiency.

Income Taxes
Deferred income taxes are provided using tax rates enacted for periods of expected reversal on all temporary differences. Temporary differences relate to differences between the book and tax basis of assets and liabilities, principally intangible assets, property and equipment, deferred revenue, pension and other postretirement benefits, accruals, and stock-based compensation. Valuation allowances are established to reduce deferred tax assets to the amount that will more likely than not be realized. 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.

Judgment is required in determining the worldwide provision for income taxes. Additionally, the income tax provision is based on calculations and assumptions that are subject to examination by many different tax authorities and to changes in tax law and rates in many jurisdictions. We adjust our income tax provision in the period in which it becomes probable that actual results will differ from our estimates.

Pension and Other Postretirement Benefits

During the fourth quarter of each fiscal year (or upon any remeasurement date), we immediately recognize net actuarial gains or losses in excess of a corridor in our operating results. The corridor amount is equivalent to 10% of the greater of the market-related value of plan assets or the plan's benefit obligation at the beginning of the year. We use the actual fair value of plan assets at the measurement date as the measure of the market-related value of plan assets.

Treasury Stock
For all IHS stock retention and buyback programs and transactions, we utilize the cost method of accounting. We employ the weighted-average cost method as our inventory costing method for treasury stock transactions.

Earnings per Share
Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the weighted average number of common shares and dilutive potential common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common shares.

Foreign Currency
The functional currency of each of our foreign subsidiaries is typically such subsidiary's local currency. Assets and liabilities are translated at period-end exchange rates. Income and expense items are translated at weighted average rates of exchange prevailing during the year. Any translation adjustments are included in other comprehensive income. Transactions executed in different currencies resulting in exchange adjustments are translated at spot rates and resulting foreign-exchange-transaction gains and losses are included in the results of operations.

We utilize forward-contract instruments to manage market risks associated with fluctuations in certain foreign-currency exchange rates as they relate to specific balances of accounts and notes receivable and payable denominated in foreign currencies. At the end of the reporting period, non-functional foreign-currency-denominated receivable and cash balances are re-measured into the functional currency of the reporting entities at current market rates. The change in value from this re-measurement is reported as a foreign exchange gain or loss for that period in other income in the accompanying consolidated statements of operations. The resulting gains or losses from the forward foreign currency contracts described above, which are also included in other income, mitigate the exchange rate risk of the associated assets.

Impairment of Long-Lived Assets
We review the carrying amounts of long-lived assets to determine whether current events or circumstances indicate their value may be impaired. A long-lived asset with a finite life is considered to be impaired if its carrying value exceeds the estimated future undiscounted cash flows to be derived from it. Any impairment is measured by the amount that the carrying value of such assets exceeds their fair value, primarily based on estimated discounted cash flows. Considerable management judgment is necessary to estimate the fair value of assets. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value, less cost to sell.

Stock-Based Compensation
All stock-based payments to employees are recognized in the income statement based on their fair values. In addition, we estimate forfeitures at the grant date. Compensation cost is recognized based on the number of awards expected to vest. There will be adjustments in future periods if actual forfeitures differ from our estimates. Our forfeiture rate is based upon historical experience as well as anticipated employee turnover considering certain qualitative factors. We amortize the value of stock-based awards to expense over the vesting period on a straight-line basis. For awards with performance conditions, we evaluate the probability of the number of shares that are expected to vest, and compensation expense is then adjusted to reflect the number of shares expected to vest and the cumulative vesting period met to date.

Recent Accounting Pronouncements

In June 2011, the FASB issued guidance on the presentation of comprehensive income that is effective for us in the first quarter of 2013; however, early adoption is permitted. Under the new guidance, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance does not change the components that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. We elected to adopt this new guidance in the fourth quarter of 2012, and have chosen to use the two separate but consecutive statements approach to the presentation of comprehensive income.

In September 2011, the FASB issued guidance on testing goodwill for impairment that will become effective for us in the first quarter of 2013; however, early adoption is permitted. Under the new guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not

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met, then performing the two-step impairment test is unnecessary. We are currently evaluating whether we will elect to use this new qualitative approach to impairment testing.

In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets for impairment that is effective for us in the first quarter of 2013; however, early adoption is permitted. The new guidance permits an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. We elected to adopt this new qualitative approach to impairment testing in the fourth quarter of 2012, applying it to our annual impairment test for 2012. The adoption of this standard did not have any impact on our consolidated financial statements.

3. Business Combinations

During the year ended November 30, 2012, we completed the following acquisitions:

Acquisitions announced March 5, 2012. On March 5, 2012, we announced the acquisition of Displaybank Co., Ltd., a global authority in market research and consulting for the flat-panel display industry, and the Computer Assisted Product Selection (CAPS™) electronic components database and tools business, including CAPS Expert, from PartMiner Worldwide. The combined purchase price of these businesses was approximately $40 million. We expect that Displaybank will deepen our Asia Pacific research and analysis capabilities and that the CAPS family of products will significantly enhance our existing electronic parts information business.

IMS Group Holdings Ltd. (IMS Research). On March 22, 2012, we acquired IMS Research, a leading independent provider of market research and consultancy to the global electronics industry, for approximately $44 million in cash, net of cash acquired. The acquisition of IMS Research will help us expand our products and services in the technology, media and telecommunications value chain, and we expect that it will better position us to deliver a more robust product offering to our customers in the global technology marketplace.

BDW Automotive GmbH (BDW). On March 29, 2012, we acquired BDW, a leader in the development of information and planning systems and intelligent processing of vehicle databases for the automotive industry, for approximately $7 million, net of cash acquired. We expect that this acquisition will significantly expand our capabilities in the automotive dealer and aftermarket data and systems market.

XēDAR Corporation (XēDAR). On May 11, 2012, we acquired XēDAR for approximately $28 million in cash, net of cash acquired. XēDAR is a leading developer and provider of geospatial information products and services. We expect that XēDAR's proprietary geographic and land information system solutions will provide a valuable contribution to our energy technical information and analytical tools.

CyberRegs. On July 2, 2012, we acquired the CyberRegs business from Citation Technologies, Inc., for approximately $11 million in cash. The CyberRegs business is designed to help customers make business decisions about regulatory compliance for Enterprise Sustainability Management. We expect that this acquisition will allow customers to reduce IT system and workflow complexity by reducing the number of vendors they rely on to support their strategies for Enterprise Sustainability Management.

GlobalSpec, Inc. (GlobalSpec). On July 9, 2012, we acquired GlobalSpec, a leading specialized vertical search, product information, and digital media company serving the engineering, manufacturing, and related scientific and technical market segments, from Warburg Pincus LLC, for $136 million, net of cash acquired. We believe that the acquisition of GlobalSpec, Inc., will allow us to improve our product design portfolio and create an expanded destination for our products and services.

Invention Machine. On July 11, 2012, we acquired Invention Machine, a leader in semantic search technology that uncovers relevant insights held within a wealth of internal and external knowledge sources, for approximately $40 million, net of cash acquired. We expect to use Invention Machine's semantic search engine to help customers accelerate innovation and develop, maintain, and produce superior products and services.

The following table summarizes the purchase price allocation, net of acquired cash, for all acquisitions completed in 2012 (in thousands):

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	GlobalSpec	All others	Total
Assets:			
Current assets	$4,740	$11,702	$16,442
Property and equipment	1,880	2,531	4,411
Intangible assets	44,500	72,034	116,534
Goodwill	114,778	115,987	230,765
Other long-term assets	772	282	1,054
Total assets	166,670	202,536	369,206
Liabilities:			
Current liabilities	80	8,191	8,271
Deferred revenue	12,238	12,926	25,164
Deferred taxes	17,661	11,631	29,292
Other long-term liabilities	211	—	211
Total liabilities	30,190	32,748	62,938
Purchase price	$136,480	$169,788	$306,268

During 2011, we completed the following acquisitions, among others:

ODS-Petrodata (Holdings) Ltd. (ODS-Petrodata). On April 16, 2011, we acquired ODS-Petrodata for approximately $75 million in cash, net of cash acquired. ODS-Petrodata is a premier provider of data, information, and market intelligence to the offshore energy industry. We expect that the ODS-Petrodata products and services will extend our offerings to the upstream energy sector through provision of high quality data and research across the range of critical, high-value offshore markets such as drilling rigs, marine and seismic vessels and field development operations.

Dyadem International, Ltd. (Dyadem). On April 26, 2011, we acquired Dyadem for approximately $49 million in cash, net of cash acquired. Dyadem is a market leader in Operational Risk Management and Quality Risk Management solutions. We expect that the acquisition of Dyadem will provide our customers with software solutions that will help them achieve regulatory compliance and business continuity.

Chemical Market Associates, Inc. (CMAI). On May 2, 2011, we acquired CMAI for approximately $73 million in cash, net of cash acquired. CMAI is a leading provider of market and business advisory services for the worldwide petrochemical, specialty chemicals, fertilizer, plastics, fibers, and chlor-alkali industries. We expect that CMAI's comprehensive information and analysis will add to our event-driven supply-chain information strategy and that CMAI's price discovery and analysis business will broaden our commodities and cost information capabilities.

Seismic Micro-Technology (SMT). On August 10, 2011, we acquired SMT for approximately $502 million in cash, net of cash acquired. SMT is a global leader in Windows-based exploration and production software, and its solutions are used by geoscientists worldwide to evaluate potential reservoirs and plan field development. As a result of the acquisition, we expect to provide a more robust, valuable, and integrated solution set of information, software, and insight to support our energy customers worldwide.

Purvin & Gertz. On November 10, 2011, we acquired Purvin & Gertz for approximately $29 million in cash, net of cash acquired. Purvin & Gertz is a well-established global advisory and market research firm that provides technical, commercial and strategic advice to international clients in the petroleum refining, natural gas, natural gas liquids, crude oil and petrochemical industries. We expect that this acquisition will enhance the focused, actionable analysis and deep industry knowledge of our product and service portfolio that is critical to senior executives and other key decision makers.

The following table summarizes the purchase price allocation, net of acquired cash, for all acquisitions completed in 2011 (in thousands):

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	SMT	ODS-Petrodata	CMAI	All others	Total
Assets:					
Current assets	$19,752	$5,468	$6,222	$15,233	$46,675
Property and equipment	2,302	851	1,799	2,363	7,315
Intangible assets	105,310	21,960	34,170	33,233	194,673
Goodwill	437,768	61,375	62,577	50,093	611,813
Other long-term assets	—	1,440	—	135	1,575
Total assets	565,132	91,094	104,768	101,057	862,051
Liabilities:					
Current liabilities	5,105	2,208	5,762	12,044	25,119
Deferred revenue	17,403	9,709	15,646	6,404	49,162
Deferred taxes	40,547	3,681	10,041	2,758	57,027
Other long-term liabilities	—	335	178	172	685
Total liabilities	63,055	15,933	31,627	21,378	131,993
Purchase price	$502,077	$75,161	$73,141	$79,679	$730,058

During 2010, we completed the following acquisitions:

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

CSM Worldwide, Inc. (CSM). On March 17, 2010, we acquired CSM for approximately $25 million, net of cash acquired. CSM is a leading automotive market forecasting firm dedicated to providing automotive suppliers with market information and production, power train, and sales forecasting through trusted automotive market forecasting services, and strategic advisory solutions to the world’s top automotive manufacturers, suppliers, and financial organizations.

Quantitative Micro Software, LLC (QMS). On May 5, 2010, we acquired QMS for approximately $40 million, net of cash acquired. QMS is a worldwide leader in Windows-based econometric and forecasting software applications.

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

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

Syntex Management Systems, Inc. (Syntex). On September 22, 2010, we acquired Syntex for approximately $23 million, net of cash acquired. Syntex is a leading provider of operational risk management software and services that help companies ensure the health and safety of their workers while protecting the environment and managing costs.

iSuppli, Inc. (iSuppli). On November 19, 2010, we acquired iSuppli for approximately $94 million, net of cash acquired. iSuppli is a global leader in technology value chain research and advisory services. The transaction also included Screen Digest Limited, a leading digital media and technology research company, which had been recently acquired by iSuppli.

The following table summarizes the purchase price allocation, net of acquired cash, for all acquisitions completed in 2010 (in thousands):

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	iSuppli	Access Intelligence	Atrion	All others	Total
Assets:					
Current assets	$7,496	$3,841	$2,868	$6,527	$20,732
Property and equipment	1,435	213	403	1,752	3,803
Intangible assets	27,576	30,635	26,259	36,095	120,565
Goodwill	70,289	57,858	39,890	87,438	255,475
Other long-term assets	5,590	—	2,072	98	7,760
Total assets	112,386	92,547	71,492	131,910	408,335
Liabilities:					
Current liabilities	5,424	955	1,066	7,934	15,379
Deferred revenue	10,775	11,698	6,381	12,658	41,512
Deferred taxes	1,807	647	7,878	6,145	16,477
Other long-term liabilities	—	222	141	90	453
Total liabilities	18,006	13,522	15,466	26,827	73,821
Purchase price	$94,380	$79,025	$56,026	$105,083	$334,514

4. Accounts Receivable

Our accounts receivable balance consists of the following as of November 30, 2012 and 2011 (in thousands):

	2012	2011
Accounts receivable	$376,463	$330,309
Less: Accounts receivable allowance	(4,346)	(4,300)
Accounts receivable, net	$372,117	$326,009

We record an accounts receivable allowance when it is probable that the accounts receivable balance will not be collected. The amounts comprising the allowance are based upon management's estimates and historical collection trends. The activity in our accounts receivable allowance consists of the following for the years ended November 30, 2012, 2011, and 2010, respectively (in thousands):

	2012	2011	2010
Balance at beginning of year	$4,300	$3,024	$4,511
Provision for bad debts	2,661	2,666	987
Recoveries and other additions	1,056	2,289	1,674
Write-offs and other deductions	(3,671)	(3,679)	(4,148)
Balance at end of year	$4,346	$4,300	$3,024

5. Property and Equipment

Property and equipment consists of the following as of November 30, 2012 and 2011 (in thousands):

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	2012	2011
Land, buildings and improvements	$98,004	$88,714
Machinery and equipment	212,292	149,410
	310,296	238,124
Less: Accumulated depreciation	(147,283)	(109,706)
	$163,013	$128,418

Depreciation expense was approximately $36.1 million, $23.8 million, and $18.7 million for the years ended November 30, 2012, 2011, and 2010, respectively.

6. Intangible Assets

The following table presents details of our intangible assets, other than goodwill (in thousands):

	As of November 30, 2012			As of November 30, 2011		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:						
Information databases	$291,265	$(141,072)	$150,193	$259,524	$(105,078)	$154,446
Customer relationships	266,168	(63,105)	203,063	210,940	(43,468)	167,472
Non-compete agreements	4,372	(2,615)	1,757	8,515	(5,754)	2,761
Developed computer software	141,570	(46,898)	94,672	123,566	(25,718)	97,848
Other	51,214	(12,163)	39,051	27,667	(5,958)	21,709
Total	$754,589	$(265,853)	$488,736	$630,212	$(185,976)	$444,236
Intangible assets not subject to amortization:						
Trademarks	64,618	—	64,618	69,539	—	69,539
Perpetual licenses	1,198	—	1,198	1,174	—	1,174
Total intangible assets	$820,405	$(265,853)	$554,552	$700,925	$(185,976)	$514,949

Intangible asset amortization expense was $82.1 million, $64.2 million, and $40.7 million for the years ended November 30, 2012, 2011, and 2010, respectively. Estimated future amortization expense related to intangible assets held as of November 30, 2012 is as follows:

Year	Amount (in thousands)
2013	$82,939
2014	71,767
2015	66,074
2016	58,920
2017	47,201
Thereafter	161,835

Changes in intangible assets in both 2012 and 2011 were primarily the result of acquisitions (see Note 3) and to a lesser extent, foreign currency exchange rate fluctuations.

7. Derivatives

In April and June 2011, to mitigate interest rate exposure on our outstanding credit facility debt, we entered into two interest rate derivative contracts that effectively swap $100 million of floating rate debt for fixed rate debt at a 3.30%

weighted average interest rate, which rate includes the current credit facility spread. Both of these interest rate swaps expire in July 2015. Because the terms of the swaps and the variable rate debt coincide, we do not expect any ineffectiveness. We have designated and accounted for these instruments as cash flow hedges, with changes in fair value being deferred in accumulated other comprehensive loss in the consolidated balance sheets.

Since our swaps are not listed on an exchange, we have evaluated fair value by reference to similar transactions in active markets; consequently, we have classified the swaps within Level 2 of the fair value measurement hierarchy. As of November 30, 2012, the fair market value of our swaps was a liability of $3.6 million, and the current mark-to-market loss position is recorded in other liabilities in the consolidated balance sheets.

8. Debt

On August 29, 2012, we exercised an expansion feature under our syndicated bank credit agreement (the Credit Facility) to increase our borrowing capacity under the revolver to $1.0 billion. We also increased our term loan borrowings under the Credit Facility to $513 million. All borrowings under the Credit Facility are unsecured. The loan and revolver included in the Credit Facility have a five-year term ending in January 2016. The interest rates for borrowings under the Credit Facility will be the applicable LIBOR plus 1.00% to 1.75%, 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 defined in the Credit Facility. A commitment fee on any unused balance is payable periodically and ranges from 0.15% to 0.30% based upon our Leverage Ratio. The Credit Facility contains certain financial and other covenants, including a maximum Leverage Ratio and a maximum Interest Coverage Ratio, as defined in the Credit Facility.

On August 29, 2012, we also entered into a new $250 million interest-only term loan agreement. The loan has a two-and-a-half year term ending in March 2015, and borrowings under the loan are unsecured. The interest for borrowing under the term loan, as well as certain financial and other covenants, including a maximum Leverage Ratio and a maximum Interest Coverage ratio, are identical to the existing Credit Facility term loan.

As of November 30, 2012, we were in compliance with all of the covenants in the Credit Facility and had approximately $310 million of outstanding borrowings under the revolver at a current annual interest rate of 1.75% and approximately $749 million of outstanding borrowings under the term loans at a current weighted average annual interest rate of 1.77%. We have classified $193 million of revolver borrowings as long-term and $117 million as short-term based upon our current estimate of expected repayments for the next twelve months. Short-term debt also includes $53 million of scheduled term loan principal repayments over the next twelve months. We had approximately $0.5 million of outstanding letters of credit under the Credit Facility as of November 30, 2012.

Maturities of outstanding borrowings under the term loans as of November 30, 2012 are as follows (in thousands):

Year	Amount (in thousands)
2013	$ 52,578
2014	105,156
2015	565,469
2016	26,279
2017	—
	$ 749,482

Our debt as of November 30, 2012 also included approximately $1 million of non-interest bearing notes that were issued to the sellers of Prime Publications Limited (Prime), a company that we purchased in 2008. These notes are due upon demand and are therefore recorded in short-term debt in the consolidated balance sheets.

As of November 30, 2011, we were operating under the same Credit Facility as we are as of November 30, 2012, albeit at a lower total capacity. We also had approximately $2 million of non-interest bearing notes associated with the Prime acquisition as of that date.

9. Restructuring Charges

Net restructuring charges were $16.8 million, $1.2 million, and $9.0 million for the years ended November 30, 2012, 2011, and 2010, respectively. The restructuring charges are described below.

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During the third quarter of 2010, we announced various plans to streamline operations and merge functions. As a result, we reduced our aggregate workforce by approximately 3% and consolidated several locations. The changes primarily affected the Americas and EMEA segments.
The restructuring charge that we recorded in 2010 consisted of direct and incremental costs associated with restructuring and related activities, including severance, outplacement and other employee related benefits; facility closures and relocations; and legal expenses associated with employee terminations incurred during the quarter. The entire $9.1 million restructuring charge was recorded during the third quarter of 2010, offset by a $0.1 million restructuring credit in the second quarter of 2010. Approximately $7.7 million of the charge related to our Americas segment and $1.3 million pertained to our EMEA segment, with the remainder in APAC.

In the second quarter of 2011, we recorded an additional $0.7 million of net restructuring costs in the Americas segment, which represented a revision to our third quarter 2010 estimate of cost to exit space in one of our facilities, partially offset by favorable resolution of employee severance costs. In the fourth quarter of 2011, we recorded $0.5 million of restructuring charges for severance costs associated with the consolidation of positions in the EMEA segment to our recently established accounting and customer care Centers of Excellence locations.

During 2012, we have continued to consolidate positions to our Centers of Excellence locations as we complete successive Vanguard releases, as well as eliminating positions to accomplish other operational efficiencies. We also began consolidating legacy data centers in 2012, including certain contract termination costs. We recorded approximately $16.8 million of restructuring charges for direct and incremental costs associated with these activities. The activities included the movement or elimination of approximately 271 positions. Of the total charge, approximately $13.4 million of the charge was recorded in the Americas segment, approximately $3.0 million was recorded in the EMEA segment and approximately $0.4 million was recorded in the APAC segment. We expect to continue to incur costs related to these and other similar activities in future periods, resulting in additional restructuring charges.

The following table shows our restructuring activity and provides a reconciliation of the restructuring liability as of November 30, 2012 (in thousands):

	Employee Severance and Other Termination Benefits	Contract Termination Costs	Other	Total
Balance at November 30, 2009	$—	$—	$—	$—
Add: Restructuring costs incurred *	8,024	972	108	9,104
Less: Amount paid	(6,738)	(850)	(61)	(7,649)
Balance at November 30, 2010	1,286	122	47	1,455
Add: Restructuring costs incurred	540	—	—	540
Revision to prior estimates	(394)	1,143	(47)	702
Less: Amount paid	(892)	(1,265)	—	(2,157)
Balance at November 30, 2011	540	—	—	540
Add: Restructuring costs incurred	13,847	2,228	1,008	17,083
Revision to prior estimates	(254)	—	—	(254)
Less: Amount paid	(10,970)	(725)	(949)	(12,644)
Balance at November 30, 2012	$3,163	$1,503	$59	$4,725

* Excludes $0.1 million restructuring credit as discussed above.

As of November 30, 2012, approximately $3.6 million of the remaining liability was in the Americas segment, approximately $1.0 million was in the EMEA segment, and approximately $0.1 million was in the APAC segment.

The entire $4.7 million is expected to be paid in 2013.

10. Acquisition-related Costs

During the year ended November 30, 2011, we incurred approximately $8.0 million in costs to complete acquisitions and to leverage synergies from recent business combinations. As a result of these activities, we eliminated approximately 40 positions and closed one of the acquired offices. The changes only affected the Americas and EMEA segments.

During the year ended November 30, 2012, we incurred approximately $4.1 million of direct and incremental costs associated with recent acquisitions, including legal and professional fees, the elimination of certain positions, and a facility closure. Substantially all of the costs were incurred within the Americas segment.

The following table provides a reconciliation of the acquisition-related costs accrued liability as of November 30, 2012 (in thousands):

	Employee Severance and Other Termination Benefits	Contract Termination Costs	Other	Total
Balance at November 30, 2010	$—	$—	$—	$—
Add: Costs incurred	4,318	706	2,976	8,000
Less: Amount paid	(2,699)	(237)	(2,791)	(5,727)
Balance at November 30, 2011	$1,619	$469	$185	$2,273
Add: Costs incurred	1,912	138	2,119	4,169
Revision to prior estimates	(22)	—	—	(22)
Less: Amount paid	(2,925)	(523)	(2,304)	(5,752)
Balance at November 30, 2012	$584	$84	$—	$668

As of November 30, 2012, the remaining $0.7 million liability was in the Americas segment, and is expected to be paid in 2013.

11. Discontinued Operations

Effective December 31, 2009, we sold our small non-core South African business for approximately $2 million with no gain or loss on sale. The sale of this business included a building and certain intellectual property. In exchange for the sale of these assets, we received two three-year notes receivable, one secured by a mortgage on the building and the second secured by a pledge on the shares of the South African company. In December 2010, we received full payment of the note receivable that was secured by a mortgage on the building.

During the fourth quarter of 2011, we discontinued operations of a small print-and-advertising business focused on a narrow, declining market. The abandonment of this business included certain intellectual property. We also discontinued a minor government-services business during that period.

Operating results of these discontinued operations for the years ended November 30, 2012, 2011, and 2010, respectively, were as follows (in thousands):

	2012	2011	2010
Revenue	$—	$6,938	$17,718
Income from discontinued operations before income taxes	36	347	6,742
Tax expense	(17)	(221)	(2,519)
Income from discontinued operations, net	$19	$126	$4,223

12. Income Taxes

The amounts of income from continuing operations before income taxes by U.S. and foreign jurisdictions for the years ended November 30, 2012, 2011, and 2010, respectively, is as follows (in thousands):

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	2012	2011	2010
U.S.	$10,693	$(1,786)	$14,682
Foreign	177,020	163,770	158,066
	$187,713	$161,984	$172,748

The provision for income tax expense (benefit) from continuing operations for the years ended November 30, 2012, 2011, and 2010, respectively, is as follows (in thousands):

	2012	2011	2010
Current:			
U.S.	$17,301	$1,988	$16,348
Foreign	24,224	23,974	25,516
State	4,490	2,416	3,066
Total current	46,015	28,378	44,930
Deferred:			
U.S.	(13,420)	355	(2,475)
Foreign	(2,592)	(1,444)	(2,898)
State	(439)	(594)	(326)
Total deferred	(16,451)	(1,683)	(5,699)
Provision for income taxes	$29,564	$26,695	$39,231

The following table presents the reconciliation of the provision for income taxes to the U.S. statutory tax rate for the years ended November 30, 2012, 2011, and 2010, respectively (in thousands):

	2012	2011	2010
Statutory U.S. federal income tax	$65,700	$56,694	$60,461
State income tax, net of federal benefit	1,523	873	1,295
Foreign rate differential	(38,153)	(34,385)	(31,918)
Tax rate change	(2,162)	(1,735)	(693)
U.S. tax on earnings from foreign affiliates, net of foreign tax credits (FTCs)	1,431	1,438	11,972
Valuation allowance	(1,429)	342	(690)
Change in reserves	586	744	27
Other	2,068	2,724	(1,223)
Income tax expense	$29,564	$26,695	$39,231
Effective tax rate expressed as a percentage of pre-tax earnings	15.7%	16.5%	22.7%

Undistributed earnings of our foreign subsidiaries were approximately $371.3 million at November 30, 2012. Those earnings are considered to be indefinitely reinvested, and do not include earnings from certain subsidiaries which are considered distributed. Accordingly, no provision for U.S. federal and state income taxes has been provided for those earnings. If we were to repatriate those earnings, in the form of dividends or otherwise, we would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable due to the complexity associated with the hypothetical calculation.

The significant components of deferred tax assets and liabilities as of November 30, 2012 and 2011 are as follows (in thousands):

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	2012	2011
Deferred tax assets:		
Accruals and reserves	$11,141	$9,669
Deferred revenue	7,062	5,423
Fixed assets	—	2,025
Pension and postretirement benefits	7,698	2,490
Tax credits	3,406	6,073
Deferred stock-based compensation	33,992	26,947
Loss carryforwards	42,019	30,581
Other	6,148	5,634
Gross deferred tax assets	111,466	88,842
Valuation allowance	(1,393)	(2,825)
Realizable deferred tax assets	110,073	86,017
Deferred tax liabilities:		
Fixed assets	(8,396)	—
Intangibles	(185,828)	(164,659)
Gross deferred tax liabilities	(194,224)	(164,659)
Net deferred tax liability	$(84,151)	$(78,642)

As of November 30, 2012, we had loss carryforwards for tax purposes totaling approximately $115.4 million, comprised of $101.7 million of U.S. net operating loss carryforwards and $13.7 million of foreign loss carryforwards. These carryforwards will be available to offset future taxable income. If not used, the U.S. net operating loss carryforwards will begin to expire in 2018 and the foreign tax loss carryforwards generally may be carried forward indefinitely. The U.S. net operating loss carryforwards increased as a result of acquisitions. We have analyzed the foreign net operating losses and placed valuation allowances on those that we have determined the realization is not more likely than not to occur.

As of November 30, 2012, we had approximately $2.8 million of foreign tax credit (FTC) carryforwards and approximately $0.6 million of research and development (R&D) credit carryforwards, both of which will be available to offset future U.S. tax liabilities. If not used, the FTC carryforwards will expire between 2016 and 2022, and the R&D credit carryforwards will expire between 2026 and 2027. We believe that it is more likely than not that we will realize our FTC and R&D tax credit assets.

The valuation allowance for deferred tax assets decreased by $1.4 million in 2012. The decrease is primarily attributable to realization of a deferred tax asset related to the U.S. capital loss carryforward.

We have provided what we believe to be an appropriate amount of tax for items that involve interpretation of the tax law. However, events may occur in the future that will cause us to reevaluate our current reserves and may result in an adjustment to the reserve for taxes.

A summary of the activities associated with our reserve for unrecognized tax benefits, interest and penalties follows (in thousands):

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	Unrecognized Tax Benefits	Interest and Penalties
Balance at November 30, 2011	$ 1,976	$ 239
Additions:		
Current year tax positions	80	—
Prior year tax positions	908	—
Associated with interest	—	476
Decreases:		
Lapse of statute of limitations	(486)	(76)
Prior year tax positions	(316)	—
Balance at November 30, 2012	$ 2,162	$ 639

As of November 30, 2012, the total amount of unrecognized tax benefits was $2.8 million, of which $0.6 million related to interest and penalties. We include accrued interest and accrued penalties related to amounts accrued for unrecognized tax benefits in our provision for income taxes. The entire amount of unrecognized benefits at November 30, 2012 may affect the annual effective tax rate if the benefits are eventually recognized.

It is reasonably possible that we will experience a $1.1 million decrease in the reserve for unrecognized tax benefits within the next twelve months. We would experience this decrease in relation to uncertainties associated with closing of statutes.

We and our subsidiaries file federal, state, and local income tax returns in multiple jurisdictions around the world. With few exceptions, we are no longer subject to income tax examinations by tax authorities for years before 2008.

13. Pensions and Postretirement Benefits

Defined Benefit Plans

We sponsor a non-contributory, closed defined-benefit retirement plan (the U.S. RIP) for all of our U.S. employees with at least one year of service. We also have a frozen defined-benefit pension plan (the U.K. RIP) that covers certain employees of a subsidiary based in the United Kingdom. We also have an unfunded Supplemental Income Plan (SIP), which is a non-qualified pension plan, for certain U.S. employees who earn over a federally stipulated amount. Benefits for all three plans are generally based on years of service and either average or cumulative base compensation. Plan funding strategies are influenced by employee benefit laws and tax laws. The U.K. RIP includes a provision for employee contributions and inflation-based benefit increases for retirees.

During 2010, we approved a plan design change for the U.S. RIP that was effective March 1, 2011. This change is considered to be a prospective plan amendment pursuant to existing pension accounting guidance. Accordingly, we reflected the modification to the U.S. RIP within the November 30, 2010 balance sheet, which resulted in a $5.3 million reduction in liability that will be amortized over the remaining average future working lifetime of the employee group, which is approximately six years.

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

During 2011, we made a number of changes to the U.S. RIP strategy. We settled retiree obligations by purchasing annuities for the retiree population from a third-party insurer, which resulted in a significant reduction of our overall plan liability. We changed our pension plan investment strategy to better match remaining pension assets with our remaining pension obligations. We accelerated plan funding by contributing approximately $65 million to the plan in

December 2011, the first month of our fiscal 2012. Approximately $57 million of this contribution allowed us to bring all deficit funding current through November 30, 2011 and pay fees and expenses associated with the third-party annuity contracts, with the remaining $8 million used to fund estimated 2012 pension costs.

In the first quarter of fiscal 2012, we also made the decision to close the U.S. RIP to new participants effective January 1, 2012. In place of the U.S. RIP benefits, colleagues hired after January 1, 2012 receive a company non-elective contribution to their 401(k) plan balances if they are an active employee at the end of the year.

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During fiscal 2012, we offered lump-sum buyouts to former colleagues who are not yet receiving benefits. The payout associated with these lump-sum offers is accounted for as a settlement.

In December 2012, the first month of our fiscal 2013, we contributed approximately $10 million to the U.S. RIP to fund estimated 2013 pension costs.

As of November 30, 2012, the U.S. RIP plan assets consist primarily of fixed-income securities, with a moderate amount of equity securities. We employed a similar investment strategy as of November 30, 2011. The U.K. RIP plan assets consist primarily of equity securities, with smaller holdings of bonds and other assets. Equity assets are diversified between international and domestic investments, with additional diversification in the domestic category through allocations to large-cap, mid-cap, and growth and value investments.

The U.S. RIP's established investment policy seeks to align the expected rate of return with the discount rate, while allowing for some equity variability to allow for upside market potential that would strengthen the overall asset position of the plan. The U.K. RIP's established investment policy is to match the liabilities for active and deferred members with equity investments and match the liabilities for pensioner members with fixed-income investments. Asset allocations are subject to ongoing analysis and possible modification as basic capital market conditions change over time (interest rates, inflation, etc.).

The following table compares target asset allocation percentages with actual asset allocations at the end of 2012:

	U.S. RIP Assets				U.K. RIP Assets			
	Target Allocations		Actual Allocations		Target Allocations		Actual Allocations	
Fixed Income	75	%	74	%	45	%	47	%
Equities	25	%	22	%	55	%	48	%
Alternatives/Other	—	%	4	%	—	%	5	%

Investment return assumptions for both plans have been determined by obtaining independent estimates of expected long-term rates of return by asset class and applying the returns to assets on a weighted-average basis.

As discussed above, we contributed approximately $10.0 million to the U.S. RIP in early fiscal 2013. We expect to contribute $1.8 million to the U.K. RIP and $0.7 million to the SIP during 2013.

The following table provides the expected benefit payments for our pension plans (in thousands):

	U.S. RIP	U.K. RIP	SIP	Total
2013	$ 9,873	$ 1,625	$ 711	$ 12,209
2014	9,587	1,481	677	11,745
2015	10,007	1,392	667	12,066
2016	10,028	1,685	656	12,369
2017	9,991	1,507	705	12,203
2018-2022	47,920	17,909	2,952	68,781

Our net periodic pension expense (income) for the pension plans was comprised of the following (in thousands):

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	Year Ended November 30, 2012			
	U.S. RIP	U.K. RIP	SIP	Total
Service costs incurred	$10,174	$133	$187	$10,494
Interest costs on projected benefit obligation	6,945	1,710	389	9,044
Expected return on plan assets	(8,487)	(2,232)	—	(10,719)
Amortization of prior service benefit	(1,343)	—	(7)	(1,350)
Amortization of transitional obligation	—	—	40	40
Settlements	4,930	—	—	4,930
Fourth quarter expense recognition of actuarial loss in excess of corridor	5,044	5,762	383	11,189
Net periodic pension expense	$17,263	$5,373	$992	$23,628

	Year Ended November 30, 2011			
	U.S. RIP	U.K. RIP	SIP	Total
Service costs incurred	$8,438	$108	$140	$8,686
Interest costs on projected benefit obligation	11,877	1,928	394	14,199
Expected return on plan assets	(16,391)	(2,317)	—	(18,708)
Amortization of prior service benefit	(1,343)	—	(6)	(1,349)
Amortization of transitional obligation	—	—	40	40
Settlements	21,299	—	—	21,299
Special termination benefits	—	—	60	60
Fourth quarter expense recognition of actuarial loss in excess of corridor	20,535	—	—	20,535
Net periodic pension expense (income)	$44,415	$(281)	$628	$44,762

	Year Ended November 30, 2010			
	U.S. RIP	U.K. RIP	SIP	Total
Service costs incurred	$8,015	$644	$213	$8,872
Interest costs on projected benefit obligation	11,971	1,780	415	14,166
Expected return on plan assets	(16,040)	(2,135)	—	(18,175)
Amortization of prior service cost (benefit)	(473)	—	44	(429)
Amortization of transitional obligation	—	—	40	40
Fourth quarter expense recognition of actuarial loss in excess of corridor	8,735	—	—	8,735
Net periodic pension expense	$12,208	$289	$712	$13,209

The changes in the projected benefit obligation, plan assets and the funded status of the pension plans were as follows (in thousands):

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	November 30, 2012			
	U.S. RIP	U.K. RIP	SIP	Total
Change in projected benefit obligation:				
Net benefit obligation at November 30, 2011	$136,967	$34,213	$7,761	$178,941
Service costs incurred	10,174	133	187	10,494
Interest costs on projected benefit obligation	6,945	1,710	389	9,044
Actuarial loss	13,656	7,383	897	21,936
Gross benefits paid	(38,765)	(998)	(687)	(40,450)
Foreign currency exchange rate change	—	771	—	771
Net benefit obligation at November 30, 2012	$128,977	$43,212	$8,547	$180,736
Change in plan assets:				
Fair value of plan assets at November 30, 2011	$82,819	$36,662	$—	$119,481
Actual return on plan assets	12,967	961	—	13,928
Employer contributions	65,000	1,732	687	67,419
Gross benefits paid	(38,765)	(998)	(687)	(40,450)
Foreign currency exchange rate change	—	756	—	756
Fair value of plan assets at November 30, 2012	$122,021	$39,113	$—	$161,134
Funded status:				
Projected benefit obligation at November 30, 2012	$(128,977)	$(43,212)	$(8,547)	$(180,736)
Fair value of plan assets at November 30, 2012	122,021	39,113	—	161,134
Funded status - underfunded	$(6,956)	$(4,099)	$(8,547)	$(19,602)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued pension liability	$(6,956)	$(4,099)	$(8,547)	$(19,602)
Amounts in Accumulated Other Comprehensive Income not yet recognized as components of net periodic pension and postretirement expense, pretax				
Net prior service benefit	$(5,495)	$—	$(28)	$(5,523)
Net actuarial loss	12,898	4,322	855	18,075
Net transitional obligation	—	—	159	159
Total not yet recognized	$7,403	$4,322	$986	$12,711

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	November 30, 2011			
	U.S. RIP	U.K. RIP	SIP	Total
Change in projected benefit obligation:				
Net benefit obligation at November 30, 2010	$225,776	$33,939	$7,534	$267,249
Service costs incurred	8,438	108	140	8,686
Employee contributions	—	13	—	13
Interest costs on projected benefit obligation	11,877	1,928	394	14,199
Actuarial loss (gain)	32,573	(773)	197	31,997
Gross benefits paid	(13,386)	(1,291)	(564)	(15,241)
Special termination benefits	—	—	60	60
Settlement expense	(128,311)	—	—	(128,311)
Foreign currency exchange rate change	—	289	—	289
Net benefit obligation at November 30, 2011	$136,967	$34,213	$7,761	$178,941
Change in plan assets:				
Fair value of plan assets at November 30, 2010	$208,506	$33,639	$—	$242,145
Actual return on plan assets	16,010	2,372	—	18,382
Employer contributions	—	1,756	564	2,320
Employee contributions	—	13	—	13
Gross benefits paid	(13,386)	(1,291)	(564)	(15,241)
Settlements	(128,311)	—	—	(128,311)
Foreign currency exchange rate change	—	173	—	173
Fair value of plan assets at November 30, 2011	$82,819	$36,662	$—	$119,481
Funded status:				
Projected benefit obligation at November 30, 2011	$(136,967)	$(34,213)	$(7,761)	$(178,941)
Fair value of plan assets at November 30, 2011	82,819	36,662	—	119,481
Funded status - over (under) funded	$(54,148)	$2,449	$(7,761)	$(59,460)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued pension liability	$(54,148)	$2,449	$(7,761)	$(59,460)
Amounts in Accumulated Other Comprehensive Income not yet recognized as components of net periodic pension and postretirement expense, pretax				
Net prior service benefit	$(6,839)	$—	$(35)	$(6,874)
Net actuarial loss	13,697	1,298	340	15,335
Net transitional obligation	—	—	199	199
Total not yet recognized	$6,858	$1,298	$504	$8,660

The pretax amortization amounts we expect to recognize in net periodic pension and postretirement expense during fiscal 2013 are as follows (in thousands):

	U.S. RIP	U.K. RIP	SIP	Total
Amortization of transitional obligation	$—	$—	$—	$—
Amortization of net prior service benefit	$(1,343)	$—	$—	$(1,343)

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Pension expense is actuarially calculated annually based on data available at the beginning of each year. We determine the expected return on plan assets by multiplying the expected long-term rate of return on assets by the market-related value of plan assets. The market-related value of plan assets is the fair value of plan assets. Assumptions used in the actuarial calculation include the discount rate selected and disclosed at the end of the previous year as well as other assumptions detailed in the table below, for the years ended November 30:

	U.S. RIP		U.K. RIP		SIP	
	2012	2011	2012	2011	2012	2011
Weighted-average assumptions as of year-end						
Discount rate	4.00 %	5.30 %	4.40 %	5.00 %	4.00 %	5.30 %
Expected long-term rate of return on assets	4.50 %	6.25 %	5.25 %	6.00 %	— %	— %

The decrease in the expected long-term rate of return on assets for the U.S. RIP in 2012 was primarily due to the change in asset mix that we made at the end of 2011 to create a better match of our pension assets and pension obligations.

Fair Value Measurements

Financial instruments included in plan assets carried at fair value as of November 30, 2011 and 2010 and measured at fair value on a recurring basis are classified as follows (in thousands):

	2012				2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest-bearing cash	$—	$7,529	$—	$7,529	$—	$5,494	$—	$5,494
Collective trust funds:								
Fixed income funds	—	107,893	—	107,893	—	77,416	—	77,416
Equity funds	—	45,712	—	45,712	—	36,571	—	36,571
	$—	$161,134	$—	$161,134	$—	$119,481	$—	$119,481

Postretirement Benefits

We sponsor a contributory postretirement medical plan. The plan grants access to group rates for retiree-medical coverage for all U.S. employees who leave IHS after age 55 with at least 10 years of service. Additionally, IHS subsidizes the cost of coverage for retiree-medical coverage for certain grandfathered employees. The IHS subsidy is capped at different rates per month depending on individual retirees' Medicare eligibility.

The obligation under our plan was determined by the application of the terms of medical and life insurance plans together with relevant actuarial assumptions. Effective 2006, IHS does not provide prescription drug coverage for Medicare-eligible retirees except through a Medicare Advantage fully insured option; therefore our liability does not reflect any impact of the Medicare Modernization Act Part D subsidy. The discount rate used in determining the accumulated postretirement benefit obligation was 4.00% and 5.30% at November 30, 2012, and 2011, respectively.

Our net periodic postretirement expense (income) and changes in the related projected benefit obligation were as follows (in thousands):

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	Year Ended November 30,		
	2012	2011	2010
Service costs incurred	$21	$29	$48
Interest costs	466	529	559
Amortization of prior service cost (1)	—	(325)	(3,229)
Fourth quarter expense recognition of actuarial loss in excess of corridor	802	—	—
Net periodic postretirement expense (income)	$1,289	$233	$(2,622)

	November 30, 2012	November 30, 2011
Change in projected postretirement benefit obligation:		
Postretirement benefit obligation at beginning of year	$9,200	$10,056
Service costs	21	29
Interest costs	466	529
Actuarial (gain) loss	1,557	(680)
Benefits paid	(819)	(734)
Postretirement benefit obligation at end of year	$10,425	$9,200
Unfunded status	(10,425)	(9,200)
Amounts recognized in the Consolidated Balance Sheets:		
Accrued postretirement benefits	$(10,425)	$(9,200)
Amounts in Accumulated Other Comprehensive Income not yet recognized as components of net periodic pension and postretirement expense, pretax		
Net actuarial loss	$1,043	$287

(1) We amended our plan in 2006. The plan was amended to limit benefits to be paid for future health-care costs. IHS no longer subsidizes the cost of coverage for retiree-medical coverage. Certain employees were grandfathered with the IHS subsidy capped at different rates per month depending on individual retirees' Medicare eligibility. This change resulted in a $15.9 million negative plan amendment to be amortized over a period of time resulting in net periodic postretirement benefit income in 2006 through 2010.

The following table provides the expected cash outflows for our postretirement benefit plan (in thousands):

Year	Amount (in thousands)
2013	$880
2014	879
2015	873
2016	865
2017	806
2018-2022	3,629

A one-percentage-point change in assumed health-care-cost-trend rates would have no effect on service cost, interest cost, or the postretirement benefit obligation as of November 30, 2012 because the IHS subsidy is capped.

Defined Contribution Plan

Employees of certain subsidiaries may participate in defined contribution plans. Benefit expense relating to these plans was approximately $10.6 million, $7.9 million, and $6.9 million for 2012, 2011, and 2010, respectively.

14. Stock-based Compensation

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As of November 30, 2012, we had one stock-based compensation plan: the Amended and Restated IHS Inc. 2004 Long-Term Incentive Plan (LTIP). The LTIP provides for the grant of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares, cash-based awards, other stock based awards and covered employee annual incentive awards. Upon vesting of an award, we may either issue new shares or reissue treasury shares, but only to the extent that the reissued shares were previously withheld for taxes under the LTIP provisions. The 2004 Directors Stock Plan, a sub-plan under our LTIP, provides for the grant of restricted stock and restricted stock units to non-employee directors as defined in that plan. We believe that such awards better align the interests of our employees and non-employee directors with those of our stockholders. We have authorized a maximum of 14.75 million shares. As of November 30, 2012, the number of shares available for future grant was 3.8 million.

Total unrecognized compensation expense related to all nonvested awards was $121.3 million as of November 30, 2012, with a weighted-average recognition period of approximately 1.1 years.

Restricted Stock Units (RSUs). RSUs typically vest from one to three years, and are generally subject to either cliff vesting or graded vesting. RSUs do not have nonforfeitable rights to dividends or dividend equivalents. The fair value of RSUs is based on the fair value of our common stock on the date of grant. We amortize the value of these awards to expense over the vesting period on a straight-line basis. For performance-based RSUs, an evaluation is made each quarter about the likelihood that the performance criteria will be met. As the number of performance-based RSUs expected to vest increases or decreases, compensation expense is also adjusted up or down to reflect the number of RSUs expected to vest and the cumulative vesting period met to date. For all RSUs, we estimate forfeitures at the grant date and recognize compensation cost based on the number of awards expected to vest. There may be adjustments in future periods if the likelihood of meeting performance criteria changes or if actual forfeitures differ from our estimates. Our forfeiture rate is based upon historical experience as well as anticipated employee turnover considering certain qualitative factors.

The following table summarizes RSU activity for the year ended November 30, 2012:

	Shares		Weighted-Average Grant Date Fair Value
	(in thousands)		
Balances, November 30, 2011	2,898		$66.74
Granted	1,703		$87.63
Vested	(1,395	)	$64.72
Forfeited	(219	)	$78.10
Balances, November 30, 2012	2,987		$78.75

The total fair value of RSUs that vested during the year ended November 30, 2012 was $128.4 million based on the weighted-average fair value on the vesting date.

Stock Options. Option awards are generally granted with an exercise price equal to the fair market value of our stock at the date of grant. All outstanding options were fully vested as of November 30, 2012, with 8-year contractual terms. No options were granted in the years ended November 30, 2012, 2011, and 2010.

The following table summarizes changes in outstanding stock options during the years ended November 30, 2012, 2011, and 2010, as well as options that are vested and expected to vest and stock options exercisable at November 30, 2012 and 2011:

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	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)			(in thousands)
Outstanding at November 30, 2010	162	$36.36		
Granted	—	—		
Exercised	(62)	$34.31		
Forfeited	—	—		
Outstanding at November 30, 2011	100	$37.65	3.2	5,048
Vested and expected to vest at November 30, 2011	100	$37.65	3.2	5,048
Exercisable at November 30, 2011	100	$37.65	3.2	5,048
Outstanding at November 30, 2011	100	$37.65		
Granted	—	—		
Exercised	(91)	$37.65		
Forfeited	—	—		
Outstanding at November 30, 2012	9	$37.65	1.6	490
Vested and expected to vest at November 30, 2012	9	$37.65	1.6	490
Exercisable at November 30, 2012	9	$37.65	1.6	490

The aggregate intrinsic value amounts in the table above represent the difference between the closing prices of our common stock on November 30, 2011 and 2012, which were $88.38 and $92.14, respectively, and the exercise price, multiplied by the number of in-the-money stock options as of the same date. This represents the amounts that would have been received by the stock option holders if they had all exercised their stock options on the respective year-end date. In future periods, the intrinsic value will change depending on fluctuations in our stock price. The total intrinsic value of stock options exercised during the year ended November 30, 2012, was $6.0 million.

Stock-based compensation expense for the years ended November 30, 2012, 2011, and 2010, respectively, was as follows (in thousands):

	2012	2011	2010
Cost of revenue	$6,206	$3,680	$3,633
Selling, general and administrative	115,337	82,514	62,841
Total stock-based compensation expense	$121,543	$86,194	$66,474

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

	2012	2011	2010
Income tax benefits	$42,959	$30,502	$24,215

No stock-based compensation cost was capitalized during the years ended November 30, 2012, 2011, or 2010.

15. Commitments and Contingencies

Commitments

Rental charges in 2012, 2011, and 2010 approximated $43.4 million, $31.1 million and $27.5 million, respectively. Minimum rental commitments under non-cancelable operating leases in effect at November 30, 2012, are as follows:

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Year	Amount (in thousands)
2013	$ 43,643
2014	36,098
2015	29,736
2016	26,845
2017	24,351
2018 and thereafter	40,043
	$ 200,716

We also had outstanding letters of credit and bank guarantees in the aggregate amount of approximately $2.1 million and $1.7 million at November 30, 2012 and 2011, respectively.

Indemnifications

In the normal course of business, we are party to a variety of agreements under which we may be obligated to indemnify the other party for certain matters. These obligations typically arise in contracts where we customarily agree to hold the other party harmless against losses arising from a breach of representations or covenants for certain matters such as title to assets and intellectual property rights associated with the sale of products. We also have indemnification obligations to our officers and directors. The duration of these indemnifications varies, and in certain cases, is indefinite. In each of these circumstances, payment by us depends upon the other party making an adverse claim according to the procedures outlined in the particular agreement, which procedures generally allow us to challenge the other party's claims. In certain instances, we may have recourse against third parties for payments that we make.

We are unable to reasonably estimate the maximum potential amount of future payments under these or similar agreements due to the unique facts and circumstances of each agreement and the fact that certain indemnifications provide for no limitation to the maximum potential future payments under the indemnification. We have not recorded any liability for these indemnifications in the accompanying consolidated balance sheets; however, we accrue losses for any known contingent liability, including those that may arise from indemnification provisions, when the obligation is both probable and reasonably estimable.

Litigation

From time to time, we are involved in litigation, most of which is incidental to our business. In our opinion, no litigation to which we currently are a party is likely to have a material adverse effect on our results of operations or financial condition.

16. Common Stock and Earnings per Share

Basic EPS is computed on the basis of the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common shares.

Weighted average common shares outstanding for the years ended November 30, 2012, 2011, and 2010, respectively, were calculated as follows (in thousands):

	2012	2011	2010
Weighted average common shares outstanding:			
Shares used in basic EPS calculation	65,840	64,938	63,964

Effect of dilutive securities:			
Restricted stock units	866	733	612
Stock options and other stock-based awards	29	45	143
Shares used in diluted EPS calculation	66,735	65,716	64,719

Share Buyback Programs

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During 2006, our board of directors approved a program to reduce the dilutive effects of employee equity grants, by allowing employees to surrender shares back to the Company for a value equal to their minimum statutory tax liability. We then pay the statutory tax on behalf of the employee. For the year ended November 30, 2012, we accepted 466,103 shares surrendered by employees under the tax withholding program for approximately $43.0 million, or $92.33 per share.

In March 2011, our board of directors authorized the repurchase of up to one million common shares per fiscal year in the open market (the March 2011 Program). We may execute on this program at our discretion, balancing dilution offset with other investment opportunities of the business, including acquisitions. The March 2011 Program does not have an expiration date. No shares were repurchased under this plan during 2011 or 2012.

In October 2012, our board of directors authorized the repurchase of common shares with a maximum aggregate value of $100 million (the October 2012 Program). We may repurchase common shares in open market purchases or through privately negotiated transactions in compliance with Exchange Act Rule 10b-18, subject to market conditions, applicable legal requirements, and other relevant factors. The October 2012 Program does not obligate us to repurchase any dollar amount or number of common shares, and it may be suspended at any time at our discretion. For the year ended November 30, 2012, we repurchased 563,221 shares for approximately $49.8 million, or $88.40 per share.

17. Other Comprehensive Income (Loss)

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	Foreign currency translation adjustments (in thousands)	Net pension and OPEB liability adjustment	Net gain (loss) on hedging activities	Accumulated other comprehensive income (loss)
Balances, November 30, 2009	$(30,105)	$(12,008)	$—	$(42,113)
Foreign currency translation adjustments, net of tax	(16,691)	—	—	(16,691)
Net pension and OPEB liability adjustment	—	1,147	—	1,147
Foreign currency effect on pension	(195)	195	—	—
Tax provision	(1,388)	(294)	—	(1,682)
Foreign currency effect on tax provision	88	(88)	—	—
Balances, November 30, 2010	(48,291)	(11,048)	—	(59,339)
Foreign currency translation adjustments, net of tax	6,667	—	—	6,667
Unrealized losses on hedging activities	—	—	(3,093)	(3,093)
Net pension and OPEB liability adjustment	—	8,524	—	8,524
Foreign currency effect on pension	18	(18)	—	—
Tax benefit (provision)	—	(3,136)	1,175	(1,961)
Foreign currency effect on tax provision	(5)	5	—	—
Balances, November 30, 2011	(41,611)	(5,673)	(1,918)	(49,202)
Foreign currency translation adjustments, net of tax	6,217	—	—	6,217
Unrealized losses on hedging activities	—	—	(495)	(495)
Net pension and OPEB liability adjustment	—	(4,777)	—	(4,777)
Foreign currency effect on pension	26	(26)	—	—
Tax benefit	—	1,376	188	1,564
Foreign currency effect on tax benefit	(6)	6	—	—
Balances, November 30, 2012	$(35,374)	$(9,094)	$(2,225)	$(46,693)

18. Supplemental Cash Flow Information

Net cash provided by operating activities reflects cash payments for interest and income taxes as shown below, for the years ended November 30, 2012, 2011, and 2010, respectively (in thousands):

	2012	2011	2010
Interest paid	$19,315	$8,274	$1,422
Income tax payments, net	$24,279	$38,297	$38,877

Cash and cash equivalents amounting to approximately $345.0 million and $234.7 million reflected on the consolidated balance sheets at November 30, 2012 and 2011, respectively, are maintained primarily in U.S. Dollars, Canadian Dollars, British Pounds, and Euros, and were subject to fluctuations in the currency exchange rate.

19. Segment Information

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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.

Information about the operations of our three segments is set forth below. Our Chairman and Chief Executive Officer is our chief operating decision maker, and he evaluates segment performance based primarily on revenue and operating profit of these three segments. In addition, he reviews revenue by transaction type. The accounting policies of our segments are the same as those described in the summary of significant accounting policies (see Note 2).

No single customer accounted for 10% or more of our total revenue for the years ended November 30, 2012, 2011, and 2010. There are no material inter-segment revenues for any period presented. Certain corporate transactions are not allocated to the reportable segments, including such items as stock-based compensation expense, net periodic pension and postretirement expense, corporate-level impairments, and gain (loss) on sale of corporate assets.

	Americas	EMEA	APAC	Shared Services	Consolidated Total
	(In thousands)				
Year Ended November 30, 2012					
Revenue	$912,490	$443,385	$173,994	$—	$1,529,869
Operating income	262,953	95,144	46,042	(196,852)	207,287
Depreciation and amortization	88,456	22,188	1,065	6,534	118,243
Total Assets	2,437,903	881,499	114,426	115,383	3,549,211
Year Ended November 30, 2011					
Revenue	$798,673	$384,441	$142,524	$—	$1,325,638
Operating income	224,699	82,314	44,452	(178,997)	172,468
Depreciation and amortization	68,285	17,369	172	2,213	88,039
Total Assets	2,105,105	760,538	101,184	106,210	3,073,037
Year Ended November 30, 2010					
Revenue	$655,449	$304,375	$97,918	$—	$1,057,742
Operating income	197,146	66,363	32,601	(121,981)	174,129
Depreciation and amortization	41,884	15,257	154	2,179	59,474
Total Assets	1,350,520	657,384	62,955	84,843	2,155,702

The table below provides information about revenue and long-lived assets for the U.S. and individual material foreign countries for 2012, 2011, and 2010. Revenue by geographic area is generally based on the "ship to" location. Long-lived assets include net property and equipment; net intangible assets; and net goodwill.

	2012		2011		2010	
(in thousands)	Revenue	Long-lived assets	Revenue	Long-lived assets	Revenue	Long-lived assets
United States	$775,630	$1,849,244	$675,105	$1,573,961	$560,091	$959,079
United Kingdom	279,148	434,192	261,436	411,720	214,173	378,850
Rest of world	475,091	393,352	389,097	379,998	283,478	260,662
Total	$1,529,869	$2,676,788	$1,325,638	$2,365,679	$1,057,742	$1,598,591

Revenue by transaction type was as follows:

(in thousands)	2012	2011	2010
Subscription revenue	$1,157,347	$1,020,800	$835,322
Non-subscription revenue	372,522	304,838	222,420
Total revenue	$1,529,869	$1,325,638	$1,057,742

Activity in our goodwill account was as follows:

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(in thousands)	Americas	EMEA	APAC	Consolidated Total
Balance at November 30, 2010	$758,127	$309,627	$53,076	$1,120,830
Acquisitions	500,986	77,353	33,474	611,813
Adjustment to purchase price	(14,928)	(167)	—	(15,095)
Foreign currency translation	1,984	2,780	—	4,764
Balance at November 30, 2011	1,246,169	389,593	86,550	1,722,312
Acquisitions	204,156	21,576	5,033	230,765
Adjustment to purchase price	(6,294)	—	—	(6,294)
Foreign currency translation	6,030	6,242	168	12,440
Balance at November 30, 2012	$1,450,061	$417,411	$91,751	$1,959,223

The adjustment to purchase price in 2011 and 2012 related primarily to deferred tax true-ups that we finalized for our respective 2010 and 2011 acquisitions.

20. Quarterly Results of Operations (Unaudited)

The following table summarizes certain quarterly results of operations (in thousands):

	Three Months Ended February 28	May 31	August 31	November 30
2012				
Revenue	$342,743	$387,159	$385,609	$414,358
Cost of revenue	146,590	165,271	153,746	158,907
Net income	23,475	44,191	44,082	46,420
Earnings per share:				
Basic	$0.36	$0.67	$0.67	$0.70
Diluted	$0.35	$0.66	$0.66	$0.69
2011				
Revenue	293,143	323,121	338,718	370,656
Cost of revenue	126,666	141,205	144,014	146,607
Net income	31,937	39,941	40,809	22,728
Earnings per share:				
Basic	$0.50	$0.61	$0.63	$0.35
Diluted	$0.49	$0.61	$0.62	$0.34

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act are effective to ensure that information

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required to be disclosed in the reports required to be filed or submitted under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Our Chief Executive Officer and our Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act rule 13a-15(f). A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management is required to base its assessment of the effectiveness of our internal control over financial reporting on a suitable, recognized control framework, such as the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO framework"). Our principal executive officer and our principal financial officer have chosen the COSO framework on which to base their assessment. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of November 30, 2012.

Our independent registered public accounting firm has audited, and reported on, the effectiveness of our internal control over financial reporting. Management's report and the independent registered public accounting firm's report are included under the captions entitled "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting," respectively, in Item 8 of this Form 10-K and are incorporated herein by reference.

Changes in Internal Control over Financial Reporting

We are in the process of converting to a new enterprise resource planning (ERP) system, which we are performing through a phased implementation approach. During the fiscal quarter ended February 29, 2012, we went live on a significant phase of the implementation, which included aspects of financial reporting and shared service center functions and processes on a global scale. During the fiscal quarter ended August 31, 2012, we went live on another significant phase of the implementation, and approximately 60% of our revenue transactions were flowing through our new ERP system as of year-end 2012. We believe that the new ERP system and related changes to processes and internal controls will enhance our internal control over financial reporting while providing us with the ability to scale our business. We have taken the necessary steps to monitor and maintain appropriate internal control over financial reporting during 2012 and will continue to evaluate the operating effectiveness of related key controls during subsequent periods.

Other than the ERP system implementation discussed above, there were no changes in our internal control over financial reporting that occurred during the quarter ended November 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

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The information required by this item concerning our executive officers, directors, compliance with Section 16 of the Securities and Exchange Act of 1934, as amended, and our code of ethics that applies to our principal executive officer, principal financial officer, and principal accounting officer is incorporated by reference to the information set forth in the sections entitled "Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance and Board of Directors—Code of Conduct" in our Proxy Statement for our 2013 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission not later than March 30, 2012, which is 120 days after the fiscal year ended November 30, 2012 (the "Proxy Statement").

Item 11. Executive Compensation
The information required by this item is incorporated by reference to the information set forth in the sections entitled "Corporate Governance and Board of Directors—Director Compensation" and "Executive Compensation Tables" in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
The information required by this item is incorporated by reference to the information set forth in the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence
The information required by this item is incorporated by reference to the information set forth in the section entitled "Certain Relationships and Related Transactions" in the Proxy Statement.

Item 14. Principal Accountant Fees and Services
The information required by this item is incorporated by reference to the information set forth in the section entitled "Ratification of the Appointment of Independent Registered Public Accountants—Audit, Audit-Related, and Tax Fees" in the Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Index of Financial Statements

The Financial Statements listed in the Index to Consolidated Financial Statements are filed as part of this report on Form 10-K (see Part II, Item 8 – Financial Statements and Supplementary Data).

(b) Index of Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description
2.1	Agreement and Plan of Merger by and among IHS Global Inc., Nirvana Sub Inc., and SMT Holding Corp., dated as of July 26, 2011 (2)
3.1	Amended and Restated Certificate of Incorporation (13)
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation (3)
3.3	Amended and Restated Bylaws (1)
4.1	Form of Class A Common Stock Certificate (4)
4.2	Form of Rights Agreement between IHS Inc. and Computershare Trust Company, Inc., as Rights Agent (4)

4.3	Amendment to Rights Agreement Designating American Stock Transfer & Trust as Rights Agent (5)
10.1+	Amended and Restated IHS Inc. 2004 Long-Term Incentive Plan (4)

10.2+	Amended and Restated IHS Inc. 2004 Directors Stock Plan (1)
10.3+	IHS Inc. Employee Stock Purchase Plan (4)
10.4+	IHS Inc. Supplemental Income Plan (4)
10.5*+	Summary of Non-Employee Director Compensation
10.6+	Form of Indemnification Agreement between the Company and its Directors (4)
10.7+	IHS Inc. 2004 Long-Term Incentive Plan, Form of 2007 Stock Option Award—Senior Executive Level (6)
10.8+	IHS Inc. 2004 Long-Term Incentive Plan, Form of 2007 Stock Option Award—Executive Level (6)
10.9+	IHS Inc. 2004 Long-Term Incentive Plan, Form of 2007 Restricted Stock Unit Award—Time-Based (6)
10.10+	IHS Inc. 2004 Long-Term Incentive Plan, Form of 2007 Restricted Stock Unit Award—Performance-Based(6)
10.11+	Termination Agreement by and between IHS Inc. and Michael Sullivan, dated August 10, 2011 (2)
10.12+	Release Agreement by and between IHS Inc. and Michael Sullivan, dated as of August 10, 2011 (2)
10.13+	Employment Agreement by and between IHS Inc. and Richard Walker, dated as of October 31, 2007 (2)
10.14+	Amendment to Employment Agreement by and between IHS Inc. and Richard Walker, dated as of October 22, 2009 (2)
10.15+	Amendment to Employment Agreement by and between IHS Inc. and Richard Walker, dated as of December 3, 2010 (2)
10.16+	Employment Agreement by and between IHS Inc. and Scott Key, dated as of October 31, 2007 (7)
10.17+	Amendment to Employment Agreement by and between IHS Inc. and Scott Key, dated as of October 22, 2009 (7)
10.18+	Amendment to Employment Agreement by and between IHS Inc. and Scott Key, dated as of December 3, 2010 (8)
10.19+	Employment Agreement by and between IHS Global Inc. and Daniel H. Yergin, dated as of July 2, 2010 (3)
10.20+	IHS Inc. 2004 Long-Term Incentive Plan, Form of 2010 Restricted Stock Unit Award—Performance-Based (9)
10.21+	IHS Inc. 2004 Long-Term Incentive Plan, Form of 2011 Restricted Stock Unit Award—Performance-Based (3)
10.22	Credit Agreement by and among IHS Inc., certain of its subsidiaries, J.P. Morgan Chase Bank, National Association, Bank of America N.A., RBS Citizens, N.A., Bank of America, N.A. (Canada Branch), Wells Fargo Bank, National Association, HSBC Bank USA, National Association, U.S. Bank, National Association, TD Bank, N.A., Barclays Bank PLC, PNC Bank, National Association, Citibank, N.A., HSBC Bank PLC and Compass Bank dated as of January 5, 2011 (10)
10.23	First Amendment to Credit Agreement by and among IHS Inc., certain of its subsidiaries, J.P. Morgan Chase Bank, National Association, Bank of America N.A., RBS Citizens, N.A., Bank of America, N.A. (Canada Branch), Wells Fargo Bank, National Association, HSBC Bank USA, National Association, U.S. Bank, National Association, TD Bank, N.A., Barclays Bank PLC, PNC Bank, National Association, Citibank, N.A., HSBC Bank PLC and Compass Bank dated as of October 11, 2011 (8)
10.24+	Employment Agreement by and between IHS Inc. and Jane Okun, dated as of January 31, 2005 (1)
10.25+	Amendment to Employment Agreement by and between IHS Inc. and Jane Okun, dated as of November 5, 2007 (1)
10.26+	Amendment to Employment Agreement by and between IHS Inc. and Jane Okun-Bomba, dated as of October 22, 2009 (1)

10.27+	Amendment to Employment Agreement by and between IHS Inc. and Jane Okun-Bomba, dated as of December 3, 2010 (1)
10.28	Credit Agreement dated as of August 29, 2012 among IHS Inc., IHS Global Inc., Royal Bank of Canada, and Bank of America, N.A. (12)

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10.29*+	Employment Agreement by and between IHS Inc. and Arshad Matin, dated as of November 22, 2011
21*	List of Subsidiaries of the Registrant
23*	Consent of Ernst & Young LLP
24*	Power of Attorney
31.1*	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act.
31.2*	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act.
32*	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

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*	Filed electronically herewith.
+	Compensatory plan or arrangement.
(1)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Annual Report on Form 10-K for the period ended November 30, 2011, and incorporated herein by reference.
(2)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the period ended August 31, 2011, and incorporated herein by reference.
(3)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Quarterly Report on Form 10-K for the period ended November 30, 2010, and incorporated herein by reference.
(4)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registration Statement on Form S-1 (No. 333-122565) of the Registrant filed on February 4, 2005, as amended, and incorporated herein by reference.
(5)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Annual Report on Form 10-K for the period ended November 30, 2008, and incorporated herein by reference.
(6)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Annual Report on Form 10-K for the period ended November 30, 2006, and incorporated herein by reference.
(7)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Annual Report on Form 10-K for the period ended November 30, 2009, and incorporated herein by reference.
(8)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the period ended February 28, 2011, and incorporated herein by reference.
(9)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Periodic Report on Form 8-K dated December 10, 2010, and incorporated herein by reference.
(10)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Periodic Report on Form 8-K dated January 6, 2011, and incorporated herein by reference.
(11)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Periodic Report on Form 8-K dated October 13, 2011, and incorporated herein by reference.
(12)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the period ended August 31, 2012, and incorporated herein by reference.
(13)	Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the period ended May 31, 2009, and incorporated herein by reference.

(c) Financial Statement Schedules

All schedules for the Registrant have been omitted since the required information is not present or because the information is included in the financial statements or notes thereto.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IHS INC.

By: /s/ Stephen Green

Name: Stephen Green

Title: Executive Vice President, Legal and Corporate Secretary

Date: January 18, 2013

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Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on January 18, 2013.

Signature	Title
/s/ Jerre L. Stead Jerre L. Stead	Chairman and Chief Executive Officer (Principal Executive Officer)
/s/ Todd S. Hyatt Todd S. Hyatt	Senior Vice President, Chief Financial and IT Officer (Principal Financial Officer)
/s/ Heather Matzke-Hamlin Heather Matzke-Hamlin	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
* C. Michael Armstrong	Director
* Ruann F. Ernst	Director
* Brian H. Hall	Director
* Roger Holtback	Director
* Balakrishnan S. Iyer	Director
* Michael Klein	Director
* Jean-Paul L. Montupet	Director
* Richard W. Roedel	Director
* Christoph v. Grolman	Director

*By: /s/ Stephen Green
Stephen Green
Attorney-in-Fact