



IHIS

2005 ANNUAL REPORT

We harness the power of critical information and insight to improve our customers' business results.



IHS is the indispensable source for information, knowledge tools, and insight that powers growth and value for our targeted industries around the world.



The Opportunity

1 Strong positions in attractive markets

Poised to capitalize on industry growth opportunities in the sectors we serve

2 Attractive financial position

Over 75% of revenue sold on a subscription basis with high renewal rates

Strong cash flow and balance sheet with a scalable business model and operating leverage

3 Comprehensive and reliable database

Indispensable source of quality, timely and proprietary content integrated to optimize customers' workflow

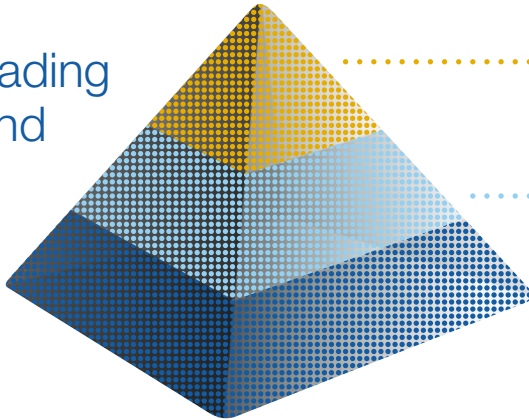
4 Trusted partners with global customer base

Providing information, sophisticated technologies and insight to advise and support 55,000 customers in more than 100 countries

5 Experienced management team

Veterans with significant functional experience and deep domain expertise in information services and targeted markets

Industry Leading Products and Services



- Strategic and Operational Services**
Deep analysis, operational and strategic research, and insight to help businesses integrate information and tools into their workflows and shape their strategy.
- Decision-Support Tools**
Sophisticated tools help make critical decisions, maximize core business processes and improve productivity.
- Critical Technical Information**
The most reliable and comprehensive collection of technical information that is critical to the industries we serve.

Operating Segments

Energy

One of the largest exploration and production databases in the world integrates and optimizes customers’ workflow.

Our tools provide technical and commercial analysis enabling customers to make informed decisions on strategic and tactical investments.

Operational, research and strategic advisory services combine our critical information and decision-support tools to provide valuable insight into global energy trends that impact decision-making.

Engineering Aerospace & Defense | Construction | Electronics | Automotive

One-stop shop provides accurate, complete and timely critical information to improve efficiency, quality of design and maintenance.

Value-added tools integrated into customers’ workflow increase productivity.

Comprehensive solutions allow better decision-making across enterprise and reduced time to market.

Financial Highlights

Total Annual Revenue (\$ in millions)

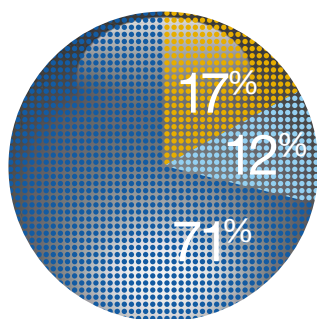
05	476
04	394
03	346
02	339

Over 75% of our revenue is subscription based.

Adjusted EBITDA* (\$ in millions)

05	87
04	74
03	67
02	60

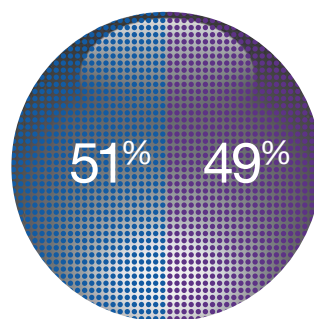
*Non-GAAP Financial Measure. Non-GAAP financial measures are presented only as a supplement to the financial statements based on U.S. generally accepted accounting principles (GAAP). Reconciliations of comparable GAAP measurements to non-GAAP measurements, such as EBITDA and Adjusted EBITDA, are provided within the schedules attached to the IHS Form 8-K furnished on January 12, 2006.



Revenue by Service Offering

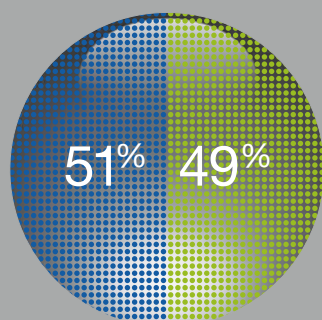
Strategic and Operational Services	17%
Decision-Support Tools	12%
Critical Technical Information	71%

2005 Revenue: \$476M



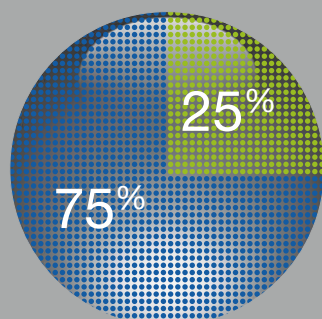
Revenue by Geography

United States	51%
International	49%



Revenue by Segment

Energy	\$242M
Engineering	\$234M



Operating Income by Segment

Energy	\$53M
Engineering	\$18M

2005 Accomplishments

- 1 Completed IPO
- 2 Achieved strong top-line growth, profitability and cash flow
- 3 Drove solid organic growth in Energy and Engineering segments
- 4 Grew revenue across our key product lines
- 5 Integrated 2004 acquisitions and completed several small acquisitions in 2005
- 6 Unified entire company under one strong brand

Financial Highlights (\$ in millions)

	2005	2004	% Change
Revenue	\$ 476.1	\$ 394.0	21%
Operating income	61.9	52.9	17%
Adjusted EBITDA*	86.7	74.4	17%
Total assets	807.2	752.6	7%
Capital expenditures	5.7	4.4	27%
Total debt	0.3	0.7	(60)%
Shareholders' equity	477.2	421.1	13%

*See footnote on prior page.

Global Footprint



Dear Fellow Shareholders, 2005 was a great year with many significant accomplishments! One accomplishment of which we are very proud is the completion of our initial public offering (IPO) in November. IHS is now traded on the New York Stock Exchange, so let me start this letter with a welcome to all of our new shareholders. In addition to the IPO, we achieved strong top-line growth in both our Energy and Engineering business segments, grew our profitability and delivered strong cash flow. We were also successful in integrating our 2004 acquisitions and completed several new acquisitions; and unified the company under one strong, IHS brand.

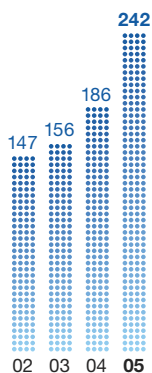
We believe IHS has significant opportunity to continue to create value through our unique market position as the source for critical information and insight to global customers in the energy, aerospace and defense, construction, electronics and automotive industries.

To begin with, we have leading positions in very attractive growth markets, such as energy, aerospace and defense. We have developed our strong market positions over more than 45 years as a trusted provider of the technical information and insight that our customers use to make critical business decisions. For example, in the energy market, our global oil and gas, utilities, power and coal customers rely on IHS to provide reliable and timely information on exploration, development, production and transportation to determine whether or not to invest in existing or new assets. In our Engineering business, many of our customers simply cannot build their products without IHS' products and services.

Second, we have an attractive financial model — more than 75 percent of our revenue is sold on a subscription basis with very high renewal rates, and our business model is scalable and generates strong cash flows.

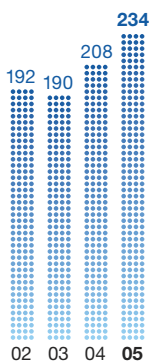
We Have a Healthy Balance Sheet (\$ in millions)	2005	2004
Cash and short-term investments	\$ 160	\$ 124
Total assets	807	753
Deferred subscription revenue	150	140
LT debt and capital leases	0	1
Shareholders' equity	477	421

Third, IHS has the most comprehensive and reliable databases of their type in the world, and our high quality, timely data is frequently integrated into our customers' workflow.



Our Energy Segment Is Delivering Strong Top-line Growth

Revenue (\$ in millions)



Our Engineering Segment Is Delivering Strong Top-line Growth

Revenue (\$ in millions)

Fourth, we are fortunate to be considered trusted partners with our global client base, comprised of over 55,000 customers in more than 100 countries. We have longstanding relationships with many of our customers, having served some of them for several decades.

And fifth, we drive our business results with an experienced management team, with significant functional experience and deep domain expertise in both information services and our targeted vertical markets. This management team is privileged to lead a hard working and enthusiastic employee group.

We are excited by the opportunity for growth, and are off to a good start with a solid foundation for 2006 and beyond. Before I review our outlook and longer term growth strategies, here are the specific highlights of our 2005 financial performance:

Revenue: Revenue totaled \$476.1 million for the full year ended November 30, 2005, up 21 percent from \$394.0 million in 2004. Of this total, organic growth totaled eight percent and acquisitions completed within the last year contributed 10 percent. The balance resulted from the unwinding of a joint venture and from foreign exchange.

Both of our business segments grew revenue organically. Energy revenue totaled \$242.3 million in 2005, up 30 percent, with organic growth contributing 13 percent and acquisitions contributing 17 percent. Cambridge Energy Research Associates (CERA), acquired in the fourth quarter of 2004, contributed most of the growth from acquisitions in this segment. Engineering revenue increased 12 percent to \$233.8 million, with organic growth contributing three percent and acquisitions accounting for approximately four percentage points of growth. In both segments, we drove organic revenue growth through expansion of our subscription base, and strong demand for our decision-support tools and services.

Operating Income: Operating income for 2005 increased 17 percent to \$61.9 million, from \$52.9 million in 2004. The increase in operating income was slightly less than our revenue gain due to the first-year dilutive effects of acquisitions. Energy segment operating income increased 51 percent due to a combination of strong revenue growth and the benefit of leveraging our cost structure. This increase more than offset a decline in our Engineering segment operating income. The decline was driven by comparison with a one-time gain in 2004 and a 2005 restructuring charge which will benefit us, as it reduced costs, improved efficiencies and positioned the Engineering business to improve profitability in 2006 and beyond.

Net income and Earnings per Share (EPS): Net income for 2005 totaled \$41.8 million, or \$0.75 per diluted share, compared to \$61.3 million, or \$1.11 per diluted share, for 2004. Net income and EPS for 2004 included an after-tax gain of \$23.0 million, or \$0.42 per share, related to the sale of an investment in an affiliate. Excluding this gain in 2004, EPS would have increased nine percent.

Adjusted EBITDA* and Operating Cash Flow: Our business model reflects a high conversion rate of EBITDA* to cash flow. Adjusted EBITDA* increased 17 percent in 2005 to total \$86.7 million, and cash flow from operations totaled approximately \$48.3 million in fiscal 2005.

Growth Strategies to Leverage IHS' Opportunities

In 2006, our plan is to build on our solid 2005 performance and leverage our strong market positions in our targeted vertical markets by continuing to implement our growth strategies.

IHS Growth Strategy

- 1 Deeper penetration of existing markets
- 2 Improve wallet share through continued upselling of accounts with new and existing products
- 3 Expand our geographic reach and seize growth opportunities in emerging markets
- 4 Continue to drive operational efficiency in SG&A and overall operations
- 5 Use acquisitions to enhance core capabilities
- 6 Continue to focus on employee development so we can recruit and retain top-level talent

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Our first strategy is to deepen our penetration in existing vertical markets. As an example, our 2004 acquisition of CERA has already helped IHS engage at a much more strategic level with many of our Energy customers. CERA provides strategic consulting services represented by the top tier of our integrated offerings. This pyramid includes critical technical information as the base, decision-support tools that enhance the usefulness of and access to this information as the middle tier, and strategic and operational services at the top. While our Energy vertical market is well developed along the pyramid, we believe we still have significant opportunity to expand into the adjacent markets, such as midstream and downstream segments of the energy market, as well as the power and utilities markets.

We also have the ability to more fully develop our other targeted vertical markets, such as Aerospace and Defense. There are good growth opportunities in this sector because our customers in this market are highly dependent on standards to build and maintain aircraft and defense systems; and they face major parts management challenges, such as aging aircraft, parts obsolescence and the need to manage down the proliferation of new parts in the supply chain. Our growing parts management business is focused on helping customers meet these challenges.

Our second strategy is to improve our wallet share through continued upselling of accounts with new and existing products and services which we have already done with considerable success. We have taken purchasers of single documents and have upgraded them to subscriptions. In addition, many of our customers, who started out by purchasing small sets of data or even single documents, are now decision-support tools and services clients. As examples, you can read the case studies later in this book.

Our third strategy is to expand our geographic reach and seize growth opportunities in emerging markets, such as India, China and Russia. These markets are showing considerable activity which is driving the need for energy and engineering information. We are increasingly seeing manufacturing and engineering firms locating and/or sourcing in India and China, booming construction in all markets, and the requirement for energy infrastructure upgrades.

Our Margins Are Healthy**	2005	2004	2003
Revenue	100%	100%	100%
Cost of revenue	48%	47%	46%
SG&A	34%	35%	35%
Adjusted EBITDA* margin	18%	19%	19%
Operating income margin	13%	13%	19%
Net income margin	9%	16%	12%
**as a percentage of revenue			

Our fourth strategy is to continue to drive operational efficiency, and to better leverage our cost base, which is largely fixed, or insensitive to volume. This past year, we restructured our Engineering operating segment, and in our Energy operating segment we discontinued an unprofitable operation, which was not core to our business. In addition to driving growth without investing proportionately in the fixed cost base, we will continue to look for ways to streamline our operations, and to better standardize the provision of back-office support, to leverage a shared services model.

*See footnote on page 5.

Our fifth strategy is to use acquisitions to enhance our core capabilities. I've already mentioned the acquisition of CERA. More recently, in December 2005, we completed the acquisition of a database and decision-support tools business which is important for the parts management business in our Engineering segment. Throughout 2005, we strengthened our acquisition pipeline and will be focused on finding attractive opportunities in 2006.

And our sixth strategy is to continue to focus on employee development so that we may recruit and retain top-level talent.

Outlook

Our outlook for 2006 and beyond is to continue to drive organic growth, supplemented by growth from acquisitions that make sense strategically and financially. We intend to support this growth with investment that will sustain new and more functional products that help our customers harness the power of information so that they can make better business decisions. As we continue to leverage our cost structure and improve operating efficiencies, we believe we have the opportunity to drive growth in operating income, adjusted EBITDA* and cash flow at higher rates than revenue.

We have accomplished so much this year, in terms of successfully completing our IPO, unifying IHS under our new global identity, and delivering strong financial results. We were able to do this because of the hard work, commitment and enthusiasm of our leadership team and our incredible employees. I congratulate and thank them for their outstanding effort and achievement. I also want to thank our exceptional board of directors for their insight and counsel during this milestone year.

And, thank you to our shareholders for your interest in IHS. We are all very excited by the opportunities we see before us and we are on track to pursue our vision to be the indispensable source for information and knowledge tools that power growth and value for our targeted industries around the world.

Charles Picasso

President and Chief Executive Officer

March 6, 2006



*See footnote on page 5.

Our Energy Opportunity

Growth Strategies

- Expand and grow within our defined market segments and core competencies
- Deepen existing account penetration and leverage/expand international position
- Capitalize on near-term market situation
- Introduce new products in key target markets and repackage products in more meaningful ways



Case Study: A Leading Global Oil and Gas Producer

We have partnered with this client to help the company better understand and target investment in conventional and non-conventional energy resource development.

1950's – 1960's

This client began their relationship with us through the purchase of our critical information.

1970's – 1980's

IHS partnered with this client to further develop and expand databases.

2003

We expanded decision-support tools usage worldwide.

2004

A strategic consulting relationship was established through CERA.

2005

We increased critical information revenue by growing usage across the company, engaging new users and user communities within broader business processes.

We established a significant developing market engagement in strategic asset analysis and valuation.

Future Opportunities

Use newly-developed and existing products to address known customer issues such as: investment decisions in LNG and non-conventional hydrocarbon resources; assessment of frontier exploration areas; operating in areas of environmental sensitivity; and dealing with changing oil and gas regulations.

Growth Strategies

Capitalize on leading share position in Technical Standards

Continue to leverage high growth opportunity in Parts Management — organically and through acquisition

Further penetrate our largest industry — Aerospace and Defense

Leverage global trends through expansion in India, China, and other emerging markets

Strengthen channels by leveraging the web and direct marketing



Case Study: A Leading Global Aerospace and Defense Contractor

Help improve compliance, and reduce development cycle time and manufacturing cost, with our comprehensive suite of offerings that add value through the total engineering lifecycle.

1980's	1990 – 1995	1995 – 2004	2005
Provided microfilm specifications and standards.	Migrated this customer to CD and Internet formats.	Expanded enterprise-wide and added parts content, design guides and regulatory data.	Began development of a next-generation parts management solution to aid in the design of new products and promote the value of parts reuse.

Future Opportunities

Integrate our parts content and our specs and standards into their engineering and design workflows. Increase the number of users throughout the company and include multiple projects from multiple business lines over the course of the next several years.

IHS Board of Directors

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IHS Inc.

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President and Chief Executive Officer

C. Michael Armstrong
Former Chairman and
Chief Executive Officer
AT&T Corp.

Steven A. Denning
Chairman and Managing Director
General Atlantic LLC

Roger Holtback
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and Chief Financial Officer
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Michael Klein
Chief Executive Officer of Global Banking
Citigroup Inc.

Richard W. Roedel
Former Chief Executive Officer
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Michael v. Staudt
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TBG

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Corporate Development and
Strategic Planning

Jane L. Okun
Senior Vice President,
Investor Relations and
Corporate Communications

General Information

IHS Inc. Headquarters
15 Inverness Way East
Englewood, CO 80112
Phone: 800.525.7052 or
303.790.0600

Common Stock Listing
New York Stock Exchange (Symbol: IHS)

Independent Auditors

Ernst & Young LLP
Denver, CO

Annual Meeting

The company's annual meeting
of shareowners will be held at:

The Inverness Hotel & Conference Center
200 Inverness Drive West
Englewood, CO 80112

April 26, 2006
Beginning at 10:00 a.m.

Shareholder Services

Communications about share ownership,
transfer requirements, changes of address,
lost stock certificates, account status and
sale of shares should be directed to:

Computershare Trust
Attn: Securities Team A
350 Indiana Street
Suite 800
Golden, CO 80401
303.262.0600

Investor & Media Relations

Securities analysts, investor professionals
and general media should contact:

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The company's annual report, press
releases, and filings with the Securities
Exchange Commission may be obtained
from IHS' Web site located at www.ihs.com

IHS Forward-Looking Statements

This report may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Such statements may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products, and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expect," "anticipate," "believe," "intend," "estimate," "plan" and similar expressions. Although IHS and its management believe that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties — many of which are difficult to predict and generally beyond the control of IHS — that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified by IHS from time to time in its public filings. Other than as required by applicable law, IHS does not undertake any obligation to update or revise any forward-looking information or statements. Please consult our public filings at www.sec.gov or www.ihs.com.

This CD contains a specific product demonstration from each of our two operating segments. In Energy, you'll see how our sophisticated analytics, mapping and scenario planning tools help to understand the impact of a hurricane on the oil and gas production in the Gulf Coast. In Engineering, you'll see how Haystack® Gold, our comprehensive parts and logistics management solution, helps the readiness of aircraft and defense systems.



Click the CD shown here to view this demonstration online:
www.ihs.com/Investor-Relations/Financial-Reports

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Compatibility: Pentium Windows 2000, SP PC or Mac OSX with a screen resolution of 1024 X 768.



The Source for Critical Information and Insight™



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