Customers.
Shareholders.
Colleagues.

When we put our customers first, we all win.
Dear fellow shareholders: The number “one” shown on the cover of this report has many meanings to us at IHS. It marks our first, very successful full year as a public company, though we have a long history—nearly 50 years—as a private one. It symbolizes one unified global IHS brand that we continue to build in scope and value for all of our constituencies. It stands for all IHS colleagues, working together in a united, single direction. It reflects the leading position that IHS holds in most, if not all, of our markets globally, as well as our determination to continue to build that leadership as we expand our differentiated product and service offerings, both organically and through accretive acquisitions. Finally, and perhaps most importantly, it stands for putting our customers first. We view our business from the outside-in, that is, starting with our customers’ needs and challenges, and measured by our ability to help enable their success. When we put our customers first and delight them—not just satisfy them—we all win.
In this annual report, we will review the highlights of 2006 and our plans for the future. We will talk more about our vision to be the Source for Critical Information and Insight, as seen through the eyes of our customers, including our strategies to drive profitable growth. We also will share with you the framework and foundation we are building to support this profitable growth – our mission, values and measurable goals – as well as the investment we will continue to make in our IHS colleagues, who ultimately represent our only sustainable competitive advantage. We plan to demonstrate that while we may have a leading position in our markets today, we have an even greater opportunity to grow profitably in the years ahead.

2006 Highlights:

We delivered our best growth in many years, with strong organic revenue growth across the business, as our excellent team of IHS colleagues worked together to delight our customers by anticipating their needs. Gross margins and Adjusted EBITDA* margins increased, demonstrating the progress we have made so far in leveraging our operating model. As a result, we increased Adjusted EBITDA 36 percent and Adjusted Earnings Per Share* (Adjusted EPS) 32 percent. This was accomplished as we continued to make the investments that are critical to our ability to achieve our vision and drive long-term sustainable and profitable growth. We believe we have a significant opportunity to expand margins further over the next few years, especially as we benefit from a number of new strategic initiatives that are highlighted later in this letter.

Revenue increased 16 percent to $550.8 million for the full year ended November 30, 2006, up from $476.1 million in 2005. Of this total, organic growth accounted for 13 percent and acquisitions completed within the last year contributed three percent. Both of our operating segments grew revenue organically, with Energy revenue growing organically at 19 percent and Engineering growing organically at six percent. Across the business and the globe, we drove organic revenue growth through strong renewals and expansion of our subscription base, as well as double-digit growth for our content, decision-support tools and services (see “At A Glance” on pages 14 and 15 for more details).

Operating income increased 30 percent to $80.2 million, from $61.9 million in 2005, demonstrating the leverage in our operating model. This improvement includes the benefit of revenue growth on our relatively fixed-cost base, as well as the favorable impact in 2006 of a prior-year restructuring in our Engineering segment. Energy segment operating income increased 27 percent, while Engineering segment operating income increased 73 percent.

Net income up 35 percent to $56.3 million, or $0.99 per share, compared to $41.8 million, or $0.75 per share, for 2005. During that same period, Adjusted EPS increased 32 percent to $1.29 in 2006 compared to $0.98 in 2005.

Adjusted EBITDA increased 36 percent to total $118.0 million and Adjusted EBITDA margins improved 3.2 percentage points to 21.4 percent. Our business model reflects a high conversion rate of Adjusted EBITDA to free cash flow*. In 2006, IHS generated $115.7 million in operating cash flow, up from $48.3 million in 2005. Free cash flow totaled $105.2 million, which represents an 89 percent conversion rate compared to Adjusted EBITDA.

*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, Adjusted EBITDA, Adjusted EPS, and free cash flow are provided within the schedules attached to the IHS Form 8-K furnished on March 21, 2007.
Vision, Mission, Values and Goals:

At IHS, our goal is to transform a good company into a great one. Good companies play an important role in the markets they serve, know their businesses very well and continuously improve efficiency. Great companies lead the markets they serve, outperform their peers and competitors and create sustainable competitive advantage. Great companies also are great places to work and set the bar for others to emulate. The path from a good company to a great one starts with putting customers first, as a primary focus, a fundamental value and the core of the business.

**Vision:** the future we are creating.
Our vision is to be the Source for Critical Information and Insight that powers growth and value for our customers. When information or insight, or both together, are critical to our customers’ decision-making process and success, our goal is for IHS to be the source they trust, rely on and come to first. This is already the case with many of our customers, but we believe we have much more opportunity to demonstrate our commitment and capabilities to existing as well as new customers.

**Mission:** how we will achieve our vision.
Our mission is to translate the value of IHS global information, expertise and knowledge to enable customer success and create customer delight on a daily basis. We do this by being good partners, listening, anticipating our customers’ needs, providing real solutions and by making our products and services easier for our customers to access and use. Our mission also helps us clearly set priorities and allocate resources.

**Values:** the compass that guides our behavior.
To help create a sense of common beliefs and behaviors, we are focused on five fundamental shared values:
- Teamwork
- Respect
- Accountability
- Integrity
- Innovation
The foundation of these five values is a singular focus on our customer, representing a core value of putting customers first. Everything we do is driven by customer needs and our passion for understanding what drives their success.

**Measurable goals.**
The last piece of the foundation and framework is setting goals to measure our progress. We will externally benchmark and report on our progress with objectives that measure:
- Customer delight
- Colleague success
- Profitable top- and bottom-line growth
- Shareowner success relative to our peer group

We will have completed development of the specific metrics to measure the first two goals by mid-year 2007. We have already reported our progress in delivering the third, profitable top- and bottom-line growth. As to the last goal, our total return in fiscal 2006 was 92 percent, compared to 16 percent for our peer group and 12 percent for the S&P 500.

**Profitable Growth Strategies:**
With this foundation in place, our strategies are the roadmap to achieving our goals. With minor modification, for the past two years we have been successfully implementing these profitable growth strategies (at right), organized to focus...
Development for customers and a more efficient Enterprise Resource Planning (ERP) system; and Data Accumulation, which will transform the way we accumulate and process data and content. The last initiative, in support of our operational strategies, is Building an End-to-End Acquisition Process, which will help further streamline the acquisition process from sourcing through integration.

These initiatives are integral to our long-term profitable growth, and we will continue to report on our progress.

Leadership:

In 2006, we continued to strengthen our leadership capabilities. We are most fortunate to have a strong senior management team, among the best in our industry. This team works well together, shares a passion for our customers and our future and continues to drive profitable growth and value for all of our constituencies. They are supported by an equally strong group of business leaders with significant expertise in our business and that of our customers.

In September, I enthusiastically agreed to add to my duties as chairman of IHS for the last six years by assuming the additional role of chief executive officer. I replaced Charles A. Picasso, who retired from the company. On behalf of the board, I want to thank Charles for his accomplishments, including leading IHS through its IPO and its first successful quarters as a public company. In addition, I want to welcome Dr. Ruann F. Ernst to the IHS board, and thank Michael v. Staudt for his service to the board which concluded on March 16th. IHS is fortunate to have a strong, independent board of directors, whose counsel, feedback and commitment to governance, are guiding us to the very best advantage.

Indeed 2006 was a year of many firsts and much success. I am so pleased to serve as leader and coach of this truly wonderful team as we continue our pursuit and achievement of a very exciting vision and unique business opportunity. I can’t wait to see what we can accomplish in 2007. Thank you for your support and confidence. We are all working together to be the very best!

My best regards,

Jerre Stead
Chairman and Chief Executive Officer
March 22, 2007
Welcome to IHS. 
*The Source for Critical information and Insight.*

A world where we help our customers solve complex business challenges and improve their decision making. A world where we always put our customers first. A world with an endless appetite for reliable information and knowledge, and where opportunity has no boundaries.

1 world of opportunity
100% Focused on delivering value in key markets

North America | Latin America | Europe, Middle East & Africa | Eurasia & Eastern Europe | Asia Pacific

100% we serve customers in over 100 countries

50% about half of our employees are located outside of the U.S.

47% nearly half of our revenue is generated outside of the U.S.

An opportunity to delight new and existing customers with IHS products and services. Furthermore, 75% of our existing customer base buys only 1 of our many product offerings...but we’re just getting started.

This satellite map of the world literally highlights population density. We are focused on highly developed as well as emerging high-growth markets.
customer success
The U.S. Air Force Materiel Command
78,000 employees
6,400 aircraft
Supporting 29,500 engines

1
mission ready
Sky-high safety for U.S. flight teams
Equipping and supporting top performance above and beyond

**Challenge:** The Air Force Materiel Command (AFMC), a group within the United States Air Force, places a premium on mobility and mission-readiness. Sophisticated maintenance and supply management systems are necessary to ensure that fighter aircraft are available whenever and wherever they are needed.

**Solution:** IHS built a modular, scaleable parts management system allowing users to review, edit, update, add, and replace parts with the system. Using the IHS 4+ million parts database and customized services, specific project times were reduced from two months to one hour. The project utilized a parts management solution that provides instant access to data on more than 100 million items in the U.S. Federal Supply Catalog plus 40 U.S. Army, Navy, Air Force, and related databases.

**Value:** AFMC relied on IHS to deliver reliability and clarity to a complex parts management challenge where success is imperative and the risk of failure immense.
customer success

West African National Oil Company

An emerging energy powerhouse in the sub-Saharan region of Africa

empowered nation
Energy fuels a new generation
Developing new resources secures future energy

Challenge: Converting a country's rich resources into secure energy supplies for the world requires a thoughtful and thorough strategic plan. This national oil company was charged with attracting qualified investors through an open bidding process to assist in developing the country's offshore hydrocarbon deposits.

Solution: This national oil company sought assistance from IHS to help generate interest and a competitive commercial framework, which resulted in billions of dollars of investment commitments, including large amounts for infrastructure, social and educational development. The integrated solution from IHS utilized a number of competencies including our strategic and decision-support tools, consultative assistance, logistics support, and marketing and promotional activities.

Value: The opportunity for IHS to assist this emerging major energy player in this successful effort was instrumental to a continuing and growing partnership.
customer success

Global Integrated Oil and Gas Company

Significant interests and activities throughout the world

situation control
Innovation and information to meet growing energy demands
Enabling operations and oil to flow smoothly

**Challenge:** It is imperative that this global energy company keeps operations running safely and efficiently. Unplanned downtime is extremely costly, ultimately affecting prices at the pump and at home.

**Solution:** IHS provided a comprehensive solution including critical process design and standards information to enable this company to function more efficiently and reduce operating downtime in its operations around the world. IHS parts management and logistic tools and critical parts information databases enable this company to improve and streamline their operations.

**Value:** This integrated energy company relied on IHS for its critical information, operational services and decision-support tools to improve efficiencies, resulting in lower costs, higher output and improved profits.
At A Glance

2006 Accomplishments

1. Achieved double-digit top-line growth, profitability and cash flow
2. Drove solid organic growth and improved margins in Energy and Engineering segments
3. Grew revenue across our key product lines and global markets
4. Integrated 2005 acquisitions and completed several bolt-on acquisitions in 2006
5. Strengthened our team and culture by communicating our vision, mission, values and growth strategies

IHS is the source for critical technical information, decision-support tools and related services tailored to customer needs in the energy, defense, aerospace, construction, electronics, and automotive industries, globally. IHS translates the value of our global information, expertise and knowledge to enable customer success and create customer delight on a daily basis. Ranging from governments and large multinational corporations to smaller companies and technical professionals in more than 100 countries, customers rely on our offerings to facilitate decision making, support key processes and improve productivity. Our successful business model has been time-tested for nearly 50 years. We employ more than 2,500 people who are highly-trained, motivated and passionate about helping our customers succeed around the world.

Financial Highlights

<table>
<thead>
<tr>
<th>Financial Highlights</th>
<th>2006</th>
<th>2005</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$550.8</td>
<td>$476.1</td>
<td>16%</td>
</tr>
<tr>
<td>Operating income</td>
<td>80.2</td>
<td>61.9</td>
<td>30%</td>
</tr>
<tr>
<td>Adjusted EBITDA*</td>
<td>118.0</td>
<td>86.7</td>
<td>36%</td>
</tr>
<tr>
<td>Total assets</td>
<td>944.3</td>
<td>807.2</td>
<td>17%</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>10.6</td>
<td>5.7</td>
<td>86%</td>
</tr>
<tr>
<td>Total debt</td>
<td>0.6</td>
<td>0.3</td>
<td>NM</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>$565.2</td>
<td>477.2</td>
<td>18%</td>
</tr>
</tbody>
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($ in millions)

*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 10-K furnished on March 21, 2007.
Our Offering

- **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:** The source for critical information and insight in the oil, gas and power industries.

- The broadest and most complete data in the markets we serve
- Widely respected domain expertise
- Unique combination of products and services that inform major strategic decisions and assist critical workflow

**Engineering:** The source for enabling customers to access, manage and use complex technical information to solve essential engineering challenges.

- Broad and deep data in markets served
- 1 billion+ data elements updated everyday
- High quality, accurate and reliable
- Data delivered when, how and where the customer needs it
Comprehensive and reliable database
Indispensable source of quality, timely and proprietary content integrated to optimize customers’ workflow

Strong positions in attractive markets
Poised to capitalize on industry growth opportunities in the sectors we serve

Attractive financial position
Over 75% of revenue sold on a subscription basis with high renewal rates; and strong cash flow and balance sheet with a scaleable business model and operating leverage

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

Trust partners with global customer base
Providing information, sophisticated technologies and insight to advise and support 55,000 customers in more than 100 countries

The Opportunity

5

4

3

2

1
Board of Directors

Jerre L. Stead  
Chairman of the Board & Chief Executive Officer  
IHS Inc.

C. Michael Armstrong  
Chairman  
Johns Hopkins Medicine, Hospital and Health System

Steven A. Denning  
Chairman & Managing Director  
General Atlantic LLC

Ruann F. Ernst  
Former Chairperson & Chief Executive Officer  
Digital Island, Inc.

Roger Holtback  
Chairman  
Holtback Invest AB

Balakrishnan S. Iyer  
Former Senior Vice President & Chief Financial Officer  
Conexant Systems Inc.

Michael Klein  
Co-President  
Corporate and Investment Banking  
Citigroup Inc.

Richard W. Roedel  
Former Chairman & Chief Executive Officer  
BDO Seidman, LLP

Michael v. Staudt  
Executive Vice President  
TBG

Executive Officers

Jerre Stead  
Chairman of the Board & Chief Executive Officer

Stephen Green  
Senior Vice President & General Counsel

Scott Key  
Senior Vice President  
Corporate Marketing

Ron Mobed  
President & Chief Operating Officer  
Energy

John Oechsle  
Senior Vice President & Chief Information Officer

Jane Okun  
Senior Vice President  
Investor Relations & Corporate Communications

Jeffrey Sisson  
Senior Vice President  
Global Human Resources

Michael Sullivan  
Executive Vice President & Chief Financial Officer

Richard Walker  
Senior Vice President  
Corporate Development

Dan Yergin  
Executive Vice President & Advisor  
Chairman, Cambridge Energy Research Associates (CERA)
Customers first.