IHS Inc.
Form 10-Q
March 25, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended February 28, 2010

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-32511

IHS INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3769440**
(State or Other Jurisdiction of	**(IRS Employer**
Incorporation or Organization)	**Identification No.)**

15 Inverness Way East

Englewood, CO 80112

(Address of Principal Executive Offices)

(303) 790-0600

(Registrant s telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ¨ YES x NO

As of February 28, 2010, there were 63,898,454 shares of our Class A Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

IHS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands except share and per-share data)

	As of February 28, 2010 (Unaudited)	As of November 30, 2009 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 149,442	$ 124,201
Accounts receivable, net	236,535	203,500
Income tax receivable	4,840	
Deferred subscription costs	44,503	40,279
Deferred income taxes	20,989	30,970
Other	19,718	14,284
Total current assets	476,027	413,234
Non-current assets:		
Property and equipment, net	76,143	74,798
Intangible assets, net	296,727	309,795
Goodwill, net	872,085	875,742
Other	4,341	2,019
Total non-current assets	1,249,296	1,262,354
Total assets	$ 1,725,323	$ 1,675,588
Liabilities and stockholders equity		
Current liabilities:		
Short-term debt	$ 109,019	$ 92,577
Accounts payable	29,059	26,470
Accrued compensation	14,077	44,196
Accrued royalties	25,253	25,666
Other accrued expenses	42,213	39,385
Income tax payable		1,720
Deferred subscription revenue	377,099	319,163
Total current liabilities	596,720	549,177
Long-term debt	117	141
Accrued pension liability	20,012	19,194
Accrued post-retirement benefits	9,225	9,914
Deferred income taxes	65,129	68,334
Other liabilities	17,013	15,150
Commitments and contingencies		
Stockholders equity:		
Class A common stock, $0.01 par value per share, 80,000,000 shares authorized, 65,752,928 and 64,801,035 shares issued, 63,898,454 and 63,283,947 shares outstanding at February 28, 2010 and November 30, 2009, respectively	658	648

Additional paid-in capital		494,106		472,791
Treasury stock, at cost: 1,854,474 and 1,517,088 shares at February 28, 2010 and November 30, 2009, respectively		(93,263)		(75,112)
Retained earnings		746,005		719,182
Accumulated other comprehensive loss		(130,399)		(103,831)
Total stockholders equity		1,017,107		1,013,678
Total liabilities and stockholders equity	$	1,725,323	$	1,675,588

See accompanying notes.

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IHS INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except per-share amounts)

	Three months ended February 28, 2010	2009
	(Unaudited)	
Revenue:		
Products	$ 212,682	$ 199,858
Services	28,053	35,553
Total revenue	240,735	235,411
Operating expenses:		
Cost of revenue:		
Products	89,123	82,886
Services	16,083	19,831
Total cost of revenue (includes stock-based compensation expense of $1,432 and $679 for the three months ended February 28, 2010 and February 28, 2009, respectively)	105,206	102,717
Selling, general and administrative (includes stock-based compensation expense of $17,870 and $15,791for the three months ended February 28, 2010 and February 28, 2009, respectively)	84,652	86,456
Depreciation and amortization	13,830	11,624
Restructuring credits		(355)
Net periodic pension and post-retirement expense (benefit)	1,194	(689)
Other income, net	(885)	(2,074)
Total operating expenses	203,997	197,679
Operating income	36,738	37,732
Interest income	104	354
Interest expense	(365)	(749)
Non-operating income, net	(261)	(395)
Income from continuing operations before income taxes	36,477	37,337
Provision for income taxes	(9,528)	(9,035)
Income from continuing operations	26,949	28,302
Loss from discontinued operations, net	(126)	(158)
Net income	26,823	28,144
Less: net income attributable to noncontrolling interests		(1,040)
Net income attributable to IHS Inc.	$ 26,823	$ 27,104
Income from continuing operations attributable to IHS Inc. per share:		
Basic	$ 0.42	$ 0.43
Diluted	$ 0.42	$ 0.43
Loss from discontinued operations per share:		

Basic	$		$	
Diluted	$		$	
Net income attributable to IHS Inc. per share:				
Basic	$	0.42	$	0.43
Diluted	$	0.42	$	0.43
Weighted average shares:				
Basic		63,539		62,815
Diluted		64,429		63,689

See accompanying notes.

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IHS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Three months ended February 28, 2010	2009
	(Unaudited)	
Operating activities		
Net income	$ 26,823	$ 28,144
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	13,830	11,624
Stock-based compensation expense	19,302	16,470
Excess tax benefit from stock-based compensation	(4,471)	(2,217)
Net non-cash periodic pension and post-retirement benefits (income) expense	851	(1,001)
Deferred income taxes	7,901	(683)
Change in assets and liabilities:		
Accounts receivable, net	(36,425)	(12,994)
Other current assets	(8,282)	(8,026)
Accounts payable	3,696	(4,145)
Accrued expenses	(25,697)	(31,629)
Income taxes	(6,831)	3,988
Deferred subscription revenue	65,519	38,941
Other liabilities	(804)	143
Net cash provided by operating activities	55,412	38,615
Investing activities		
Capital expenditures on property and equipment	(7,172)	(5,521)
Change in other assets	(986)	617
Settlements of forward contracts	(819)	373
Cash resulting from consolidation of Fairplay		3,466
Acquisitions of businesses, net of cash acquired	(18,500)	
Net cash used in investing activities	(27,477)	(1,065)
Financing activities		
Proceeds from borrowings	20,000	70,000
Repayment of borrowings	(3,224)	(51,265)
Excess tax benefit from stock-based compensation	4,471	2,217
Proceeds from exercise of employee stock options	189	
Repurchases of common stock	(18,151)	(5,774)
Net cash provided by financing activities	3,285	15,178
Foreign exchange impact on cash balance	(5,979)	(3,868)
Net increase in cash and cash equivalents	25,241	48,860
Cash and cash equivalents at the beginning of the period	124,201	31,040
Cash and cash equivalents at the end of the period	$ 149,442	$ 79,900

See accompanying notes.

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IHS INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(Unaudited)

(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 (Audited)	63,284	$ 648	$ 472,791	$ (75,112)	$ 719,182	$ (103,831)	$ 1,013,678
Stock-based award activity	614	10	17,607	(18,151)			(534)
Excess tax benefit on vested shares			3,708				3,708
Net income					26,823		26,823
Other comprehensive income:							
Foreign currency translation adjustments						(26,568)	(26,568)
Comprehensive income, net of tax							255
Balance at February 28, 2010	63,898	$ 658	$ 494,106	$ (93,263)	$ 746,005	$ (130,399)	$ 1,017,107

See accompanying notes.

IHS INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

Nature of Operations

IHS Inc. (IHS, the Company, we, our, or us) is a publicly traded Delaware corporation. IHS is the leading source of critical information and insight in pivotal areas that shape today s global business landscape: Energy, Product Lifecycle, Security, and Environment, all supported by extensive expert analysis and Macroeconomic Forecasting. Businesses and governments rely on the comprehensive information and expert analysis of IHS to make high-impact decisions and develop strategies with speed and confidence. IHS sources raw data and transforms it into information through a series of transformational steps that reduce the uncertainty that is inherent in unrefined data and enhances its usefulness. Our vision is to be *the Source* for Critical Information and Insight that powers growth and value for our customers. We intend to be the source that customers trust, rely upon and come to first when they need to better understand the present and anticipate the future.

To best serve our customers and be as close to them as possible, we are organized by geographies. We also prepare our financial reports and analyze our business according to our geographic organization. Our three reportable geographic segments are: Americas, which includes the United States, Canada, and Latin America; EMEA, which includes Europe, the Middle East, Africa, and India; and APAC, or Asia Pacific.

This 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 geography. By structuring our business around customers and the regions in which they reside, we are better able to serve the unique needs of our customers in their local markets and globally. A regional structure provides a solid foundation for profitable growth as it provides an efficient method of bringing new products and services to customers, and supports growth in existing accounts and with new customers and markets.

IHS continues to build a sustainable advantage in target markets by employing a strategy that aligns our Critical Information into four pivotal areas that impact today s global businesses: Energy, Product Lifecycle, Security, and Environment, all supported by extensive expert analysis and Macroeconomic Forecasting. Our domains represent significant opportunities globally, and address customer needs in virtually every industry, in all regions. We focus on these domains because we believe they are where we have the best and most significant market opportunities to be *the Source* for Critical Information and Insight for our customers.

These domains are often inter-related and inter-linked. The intersections between them represent areas of critical interest for our customers and further market opportunities for IHS where we can capitalize on our deep and vast information capabilities and expertise.

Consolidation Policy

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

Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The accompanying condensed consolidated financial statements include our accounts and the accounts of our majority-owned domestic and foreign subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended November 30, 2009. The results of operations for the three months ended February 28, 2010, are not necessarily indicative of the results that may be achieved for the full fiscal year and cannot be used to indicate expected financial performance for the entire year.

The year-end condensed consolidated balance sheet data was derived from the audited November 30, 2009, balance sheet.

Results Subject to Seasonal Variations

Historically, our business has had seasonal aspects. However, with the continued organic growth in our subscription-based business model relative to other revenue streams combined with several acquisitions in recent years, our seasonal aspects have diminished, although our fourth quarter revenue and profit still tends to be slightly higher than other quarters due to the product mix typically sold in the fourth quarter. Our first quarter has historically benefited from the inclusion of the results from CERAWeek, an annual energy executive gathering. In 2010, we held CERAWeek during our second fiscal quarter and intend to hold it in the second quarter for the foreseeable future.

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Use of Estimates

The preparation of interim condensed consolidated financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires us to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Significant estimates have been made in areas that include revenue recognition, useful lives of fixed and intangible assets, allocation of purchase price to acquired assets and liabilities, the recoverability of intangible assets and goodwill, income and other taxes, pension and post-retirement benefits, and stock-based compensation. Actual results could differ from those estimates.

Reclassification

Certain prior-year balances have been reclassified to conform to current-year presentation.

Income Taxes

Our effective quarterly rate is estimated based upon the effective tax rate expected to be applicable for the full fiscal year.

Our effective tax rate for the first quarter of 2010 was 26.1% compared to 24.2% for the prior year period. The 2009 rate reflected the discrete-period benefits from the realization of previously reserved foreign losses.

As of February 28, 2010, the total amount of unrecognized tax benefits was $1.5 million, of which $0.1 million related to interest. The unrecognized tax benefits did not materially change during the first quarter of fiscal 2010.

We are subject to taxation and file income tax returns in the U.S. and in many foreign jurisdictions. For Canadian income tax audit purposes, effectively all years prior to 2005 are closed. For U.S. federal, United Kingdom, and Swiss income tax audit purposes, all years prior to 2006 are effectively closed.

The open tax years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions and tax credits. Although the outcome of tax audits is always uncertain, we believe that adequate amounts of tax and interest have been provided for any adjustments that are expected to result from an audit of the open tax years. Although timing of the resolution and/or closure of audits is highly uncertain, we do not believe it is reasonably possible that our unrecognized tax benefits will materially change in the next 12 months.

Presentation

In December 2007, the Financial Accounting Standards Board (FASB) issued new guidance related to noncontrolling interests in consolidated financial statements, which modifies reporting for noncontrolling interests (formerly minority interest) in consolidated financial statements. We adopted the new guidance effective December 1, 2009, as of the beginning of our 2010 fiscal year. Upon adoption, prior period financial statements were revised for the presentation of the noncontrolling interests consistent with the retrospective application required by the new accounting guidance. The impact of the retrospective application of this new guidance is as follows:

- Reclassifies Minority interest to Net income attributable to noncontrolling interest on the Consolidated Statements of Operations, and

- Reclassifies distributions of cumulative income to minority/noncontrolling interests from operating activities to financing activities and reclassifies purchases of minority/noncontrolling interest from investing activities to financing activities on the Consolidated Statements of Cash Flows. Additionally, reclassifies Minority interest to Net income on this statement.

In addition, the Company adjusted references to these items in the notes to the Company s Consolidated Financial Statements.

New Accounting Pronouncement

In October 2009, the FASB issued Accounting Standards Update 2009-13 related to the Emerging Issue Task Force s guidance on Revenue Recognition for Multiple-Deliverable Revenue Arrangements (Codification Section 605). The amendments in this update will enable companies to separately account for multiple revenue-generating activities (deliverables) that they perform for their customers. Currently, GAAP requires a company to use vendor-specific objective evidence (VSOE) or third party evidence of selling price to separate deliverables in a multiple-deliverable arrangement. The update will allow the use of an estimated selling price if neither VSOE nor third-party evidence is available. The update will require additional disclosures of information about an entity s

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multiple-deliverable arrangements. The requirements of the update will apply prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, although early adoption is permitted. The Company is currently evaluating the impact of the update on its financial position and results of operations and does not plan to early adopt the new guidance.

2. Business Combination

Effective December 1, 2009, the Company s accounting for business combinations followed the new accounting guidance for business combinations and noncontrolling interests.

On February 10, 2010, we acquired Emerging Energy Research (EER) for approximately $18.5 million, net of cash acquired and recorded amortizing intangible assets and goodwill of approximately $5 million and $14 million, respectively. 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.

3. Commitments and Contingencies

We are a party to various legal proceedings that arise in the ordinary course of business. In the opinion of management, none of these actions, either individually or in the aggregate, is expected to have a material adverse affect on our financial condition, liquidity or results of operations.

4. Comprehensive Income

Our comprehensive income was as follows:

	Three months ended February 28,	
	2010	2009
	(In thousands)	
Net income	$ 26,823	$ 28,144
Other comprehensive loss:		
Foreign currency translation adjustment	(26,568)	(18,351)
Total comprehensive income	255	9,793
Less: comprehensive income attributable to noncontrolling interest		(1,040)
Comprehensive income attributable to IHS	$ 255	$ 8,753

5. 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. Operating results of the discontinued operations for the three months ended February 28, 2010 and 2009, respectively, were as follows:

	Three months ended February 28,	
	2010	2009
	(In thousands)	
Loss from discontinued operations	$ 159	$ 186
Tax benefit	(33)	(28)
Loss from discontinued operations, net	$ 126	$ 158

6. Stock-based Compensation

On February 28, 2010, we had one share-based compensation plan: the Amended and Restated IHS Inc. 2004 Long-Term Incentive Plan (LTIP). The LTIP provides for the grant of restricted stock, restricted stock units, performance units and performance shares, non-qualified stock options, incentive stock options, stock appreciation rights, cash-based awards, other stock based awards and covered employee annual incentive awards. The 2004 Directors Stock Plan, a sub-plan under the 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 shareholders. We have authorized a maximum of 11.25 million shares.

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Stock-based compensation expense that has been charged against income for the LTIP was as follows:

	Three months ended February 28, 2010	2009
	(In thousands)	
Cost of revenue	$ 1,432	$ 679
Selling, general and administrative	17,870	15,791
Stock-based compensation expense	$ 19,302	$ 16,470

Total income tax benefit recognized in the statement of operations for share-based compensation arrangements was as follows:

	Three months ended February 28, 2010	2009
	(In thousands)	
Income tax benefit	$ 7,142	$ 6,094

No stock based compensation cost was capitalized during the three months ended February 28, 2010 and 2009.

Nonvested Stock. Share awards vest from six months to four years. Share awards are generally subject to either cliff vesting or graded vesting. The fair value of nonvested stock is based on the fair value of our common stock on the date of grant. We amortize the value of share awards to expense over the vesting period on a straight-line basis. Approximately half of our outstanding awards are performance based. For those awards, an evaluation is made each quarter as to the likelihood of the performance criteria being met. Compensation expense is then adjusted to reflect the number of shares expected to vest and the cumulative vesting period met to date. Additionally, 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.

Total compensation expense related to nonvested awards, both share awards and stock options, not yet recognized was $87.9 million as of February 28, 2010, with a weighted-average recognition period of approximately 1.5 years.

A summary of the status of our nonvested shares as of February 28, 2010, and changes during the three months ended February 28, 2010, was as follows:

	Shares (in thousands)	Weighted-Average Grant Date Fair Value
Balances, November 30, 2009	2,674	$ 46.38
Granted	1,105	$ 52.13
Vested	(964)	$ 42.58
Forfeited	(16)	$ 50.32
Balances, February 28, 2010	2,799	$ 49.93

The total fair value of nonvested stock that vested during the three months ended February 28, 2010, was $52 million based on the weighted-average fair value on the vesting date and $41 million based on the weighted-average fair value on the date of grant.

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. Options outstanding as of February 28, 2010 either cliff vest after 4 years of continuous service or vest in a graded fashion over three years of continuous service and have 8-year contractual terms. Certain option and share awards provide for accelerated vesting if there is a change in control (as defined in the LTIP).

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The following table summarizes changes in outstanding stock options during the three months ended February 28, 2010, as well as options that are vested and expected to vest and stock options exercisable at February 28, 2010:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at November 30, 2009	200	$ 35.96	4.9	$ 2,871
Granted				
Exercised	(5)	37.65		
Forfeited				
Outstanding at February 28, 2010	195	$ 35.92	4.7	$ 3,105
Vested and expected to vest at February 28, 2010	195	$ 35.92	4.7	$ 3,105
Exercisable at February 28, 2010	146	$ 37.65	4.9	$ 2,066

The aggregate intrinsic value amounts in the table above represent the difference between the closing price of our common stock on February 28, 2010, which was $51.80, and the exercise price, multiplied by the number of in-the-money stock options as of the same date. This represents the amount that would have been received by the stock option holders if they had all exercised their stock options on February 28, 2010. In future periods, this amount will change depending on fluctuations in our stock price. The total intrinsic value of stock options exercised during the three months ended February 28, 2010 was less than $0.1 million.

7. Debt

On September 7, 2007, we entered into an amended and restated unsecured revolving credit agreement (the Revolver). The $385 million Revolver allows us, under certain conditions, to increase the facility to a maximum of $500 million. The Revolver expires in September 2012.

The interest rates for borrowing under the Revolver are based upon our Leverage Ratio, which is the ratio of Consolidated Funded Indebtedness to rolling four quarter Consolidated Earnings Before Interest Expense, Taxes, Depreciation and Amortization (EBITDA), as defined in the Revolver. The rate ranges from the applicable LIBOR plus 50 basis points to 125 basis points or the agent bank s base rate. A commitment fee is payable periodically and ranges from 10 to 25 basis points based upon our Leverage Ratio. The Revolver contains certain financial and other covenants, including limitations on capital lease obligations and maximum Leverage and Interest Coverage Ratios, as defined in the Revolver.

As of February 28, 2010, we were in compliance with all of the covenants in the agreement and had $105 million of outstanding borrowings with an annual interest rate of 0.75%. In addition, we had outstanding letters of credit aggregating to less than $1 million under the agreement as of February 28, 2010.

As of February 28, 2010, we also had approximately $4 million of non-interest bearing notes that were issued to the sellers of Prime Publications Limited, a company purchased by IHS in 2008.

8. Pensions and Postretirement Benefits

We have defined-benefit plans and defined-contribution plans. Our defined-benefit plans consist of a non-contributory retirement plan for all of our U.S. employees with at least one year of service (U.S. RIP), a pension plan that covers certain employees of one of our United Kingdom-based subsidiaries (U.K. RIP), and a supplemental income plan (SIP) for certain US employees who earn over a federally stipulated amount.

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Our net periodic pension (income) expense was comprised of the following:

	Three months ended February 28, 2010				Three months ended February 28, 2009			
	U.S. RIP	U.K. RIP	SIP	Total	U.S. RIP	U.K. RIP	SIP	Total
	(In thousands)							
Service costs incurred	$ 2,004	$ 161	$ 53	$ 2,218	$ 1,728	$ 123	$ 58	$ 1,909
Interest costs on projected benefit obligation	2,993	450	104	3,547	3,230	371	123	3,724
Expected return on plan assets	(5,038)	(541)		(5,579)	(5,227)	(406)		(5,633)
Amortization of prior service cost	(119)		11	(108)	(118)		11	(107)
Amortization of actuarial loss	1,496	50	45	1,591			21	21
Amortization of transitional obligation/(asset)			10	10	(57)		13	(44)
Net periodic pension benefit (income) expense	$ 1,336	$ 120	$ 223	$ 1,679	$ (444)	$ 88	$ 226	$ (130)

Our net periodic post-retirement benefit income was comprised of the following:

	Three months ended February 28, 2010	2009
	(In thousands)	
Service costs incurred	$ 12	$ 14
Interest costs	140	158
Amortization of prior service amounts	(808)	(807)
Amortization of net actuarial loss	171	76
Net periodic post-retirement benefit income	$ (485)	$ (559)

9. 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 reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common shares.

Our authorized capital stock consists of 80,000,000 shares of Class A common stock.

Weighted average common shares outstanding for the period ended February 28, 2010 were calculated as follows:

	Three months ended February 28, 2010	2009
	(In thousands)	
Weighted average common shares outstanding:		
Shares used in basic per-share calculation	63,539	62,815
Effect of dilutive securities:		
Deferred stock units	97	51
Restricted shares	737	783
Options	56	40
Shares used in diluted per-share calculation	64,429	63,689

Share Repurchase Program

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 statutory tax liability. IHS then pays the statutory tax on behalf of the employee. Additionally, our board of directors periodically approves additional buyback programs whereby IHS acquires shares in the open market to more fully offset the dilutive effect of our employee equity programs. In the first qu