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 June 30, 2009

OR

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

For the transition period from to

Commission File Number: 001-14049

IMS Health Incorporated

(Exact Name of Registrant as Specified in its Charter)

Delaware	**06-1506026**

(State of Incorporation)	(I.R.S. Employer Identification No.)

901 Main Avenue, Norwalk, CT 06851

(Address of principal executive offices)(Zip Code)

(203) 845-5200

(Registrant s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 the filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

o Yes o No

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

Large Accelerated Filer x	Accelerated Filer o
Non-Accelerated Filer o	Smaller Reporting Company o

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date. At June 30, 2009, there were 182,386,850 shares of IMS Health Incorporated Common Stock, $0.01 par value, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

IMS HEALTH INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

(Dollars and shares in thousands, except per share data)

	As of June 30, 2009	As of December 31, 2008
Assets:		
Current Assets:		
Cash and cash equivalents	$ 239,780	$ 215,682
Accounts receivable, net of allowances of $9,473 and $5,960 in 2009 and 2008, respectively	329,850	382,776
Other current assets	177,770	174,099
Total Current Assets	747,400	772,557
Securities and other investments	8,119	7,121
Property, plant and equipment, net of accumulated depreciation of $223,454 and $208,340 in 2009 and 2008, respectively	180,578	183,055
Computer software	245,449	253,583
Goodwill (Note 6)	674,888	663,532
Other assets	174,383	207,289
Total Assets	$ 2,030,817	$ 2,087,137
Liabilities, Redeemable Noncontrolling Interest and Shareholders Deficit:		
Current Liabilities:		
Accounts payable	$ 71,390	$ 119,798
Accrued and other current liabilities	248,292	275,764
Accrued income taxes		47,735
Short-term deferred tax liability	2,074	9,444
Deferred revenues	107,023	88,484
Total Current Liabilities	428,779	541,225
Postretirement and postemployment benefits	112,694	109,516
Long-term debt (Note 9)	1,359,295	1,404,199
Other liabilities	152,515	185,677
Total Liabilities	$ 2,053,283	$ 2,240,617
Commitments and Contingencies (Note 7)		
Redeemable Noncontrolling Interest (Note 13)	$	$ 100,000
Shareholders Deficit:		
Common Stock, par value $.01, authorized 800,000 shares; issued 335,045 shares in 2009 and 2008, respectively	$ 3,350	$ 3,350
Capital in excess of par	530,762	546,478
Retained earnings	3,245,400	3,060,345
Treasury stock, at cost, 152,659 and 153,564 shares in 2009 and 2008, respectively	(3,555,465)	(3,576,446)
Cumulative translation adjustment	(132,609)	(171,990)
Unamortized postretirement and postemployment balances (SFAS No. 158)	(115,366)	(117,111)
Total IMS Health Shareholders Deficit	$ (23,928)	$ (255,374)
Noncontrolling Interests (Note 13)	$ 1,462	$ 1,894
Total Shareholders Deficit	$ (22,466)	$ (253,480)
Total Liabilities, Redeemable Noncontrolling Interest and Shareholders Deficit	$ 2,030,817	$ 2,087,137

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

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IMS HEALTH INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars and shares in thousands, except per share data)

	Three Months Ended June 30, 2009		Three Months Ended June 30, 2008	
Information and analytics revenue	**$**	**408,611**	$	453,440
Consulting and services revenue		**114,228**		147,269
Operating Revenue		**522,839**		600,709
Operating costs of information and analytics		**175,401**		193,607
Direct and incremental costs of consulting and services		**57,012**		71,951
External-use software amortization		**10,117**		13,043
Selling and administrative expenses		**162,919**		168,365
Depreciation and other amortization		**22,676**		22,366
Severance, impairment and other charges (Note 15)		**25,428**		
Operating Income		**69,286**		131,377
Interest income		**476**		2,983
Interest expense		**(9,055)**		(11,970)
Other income (expense), net		**4,523**		(6,159)
Non-Operating Loss, Net		**(4,056)**		(15,146)
Income before provision for income taxes		**65,230**		116,231
Provision for income taxes (Note 11)		**(1,518)**		(37,505)
Net Income	**$**	**63,712**	$	78,726
Less: Net income attributable to noncontrolling interests (Note 13)		**829**		1,031
Net Income Attributable to IMS Health	**$**	**62,883**	$	77,695
Basic Earnings Per Share of Common Stock	**$**	**0.34**	$	0.43
Diluted Earnings Per Share of Common Stock	**$**	**0.34**	$	0.42
Weighted average number of shares outstanding Basic		**182,380**		181,741
Dilutive effect of shares issuable as of period-end under stock-based compensation plans and other		**124**		2,133
Adjustment of shares outstanding applicable to exercised and cancelled stock options during the period				22
Weighted Average Number of Shares Outstanding Diluted		**182,504**		183,896

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

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IMS HEALTH INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars and shares in thousands, except per share data)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Information and analytics revenue	**$ 828,688**	$ 909,627
Consulting and services revenue	**221,095**	265,262
Operating Revenue	**1,049,783**	1,174,889
Operating costs of information and analytics	**346,240**	386,374
Direct and incremental costs of consulting and services	**118,157**	140,456
External-use software amortization	**20,641**	25,757
Selling and administrative expenses	**323,325**	331,133
Depreciation and other amortization	**45,841**	43,410
Severance, impairment and other charges (Note 15)	**25,428**	
Operating Income	**170,151**	247,759
Interest income	**1,483**	5,575
Interest expense	**(18,531)**	(23,233)
Other income (expense), net	**9,418**	(24,781)
Non-Operating Loss, Net	**(7,630)**	(42,439)
Income before provision for income taxes	**162,521**	205,320
Benefit (provision) for income taxes (Note 11)	**35,647**	(65,784)
Net Income	**$ 198,168**	$ 139,536
Less: Net income attributable to noncontrolling interests (Note 13)	**1,953**	2,666
Net Income Attributable to IMS Health	**$ 196,215**	$ 136,870
Basic Earnings Per Share of Common Stock	**$ 1.08**	$ 0.75
Diluted Earnings Per Share of Common Stock	**$ 1.08**	$ 0.74
Weighted average number of shares outstanding Basic	**182,113**	183,388
Dilutive effect of shares issuable as of period-end under stock-based compensation plans and other	**92**	1,547
Adjustment of shares outstanding applicable to exercised and cancelled stock options during the period		38
Weighted Average Number of Shares Outstanding Diluted	**182,205**	184,973

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

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IMS HEALTH INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)

	Six Months Ended June 30, 2009	2008
Cash Flows from Operating Activities:		
Net income	**$ 198,168**	$ 139,536
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**66,482**	69,167
Bad debt expense	**2,688**	983
Deferred income taxes	**1,500**	1,439
Gains from investments, net	**(38)**	
Non-cash stock-based compensation charges	**15,605**	16,227
Non-cash portion of severance, impairment and other charges	**17,210**	
Net tax benefit on stock-based compensation	**(4,440)**	(316)
Excess tax benefits from stock-based compensation		(88)
Change in assets and liabilities, excluding effects from acquisitions and dispositions:		
Net decrease (increase) in accounts receivable	**47,849**	(28,930)
Net decrease (increase) in work-in-process inventory	**3,389**	(5,468)
Net decrease (increase) in prepaid expenses and other current assets	**9,016**	(18,817)
Net decrease in accounts payable	**(50,710)**	(18,196)
Net decrease in accrued and other current liabilities	**(22,372)**	(6,995)
Net decrease in accrued severance, impairment and other charges	**(6,582)**	(27,914)
Net increase (decrease) in deferred revenues	**17,658**	(18,476)
Net (decrease) increase in accrued income taxes	**(108,818)**	6,597
Net decrease in pension assets (net of liabilities)	**6,450**	1,655
Net decrease in other long-term assets (net of long-term liabilities)	**1,254**	1,642
Net Cash Provided by Operating Activities	**194,309**	112,046
Cash Flows Used in Investing Activities:		
Capital expenditures	**(11,210)**	(22,462)
Additions to computer software	**(37,967)**	(36,537)
Proceeds from sale of assets, net	**751**	1,392
Payments for acquisitions of businesses, net of cash acquired	**(2,896)**	(45,308)
Funding of venture capital investments	**(1,000)**	(1,500)
Other investing activities, net	**1,114**	(1,874)
Net Cash Used in Investing Activities	**(51,208)**	(106,289)
Cash Flows Used in Financing Activities:		
Net increase in revolving credit facility and other	**2,544**	139,500
Proceeds from private placement notes		240,000
Repayment of private placement notes		(150,000)
Payments for purchase of treasury stock		(229,340)
Proceeds from exercise of stock options		5,000
Excess tax benefits from stock-based compensation		88
Dividends paid	**(11,160)**	(11,067)
Proceeds from employee stock purchase plan and other		(25)
Decrease in cash overdrafts	**(4,836)**	(995)
Payments to noncontrolling interests and other financing activities	**(103,875)**	(3,382)
Net Cash Used in Financing Activities	**(117,327)**	(10,221)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,676)**	6,940

Increase in Cash and Cash Equivalents		**24,098**		2,476
Cash and Cash Equivalents, Beginning of Period		**215,682**		218,249
Cash and Cash Equivalents, End of Period	**$**	**239,780**	$	220,725

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

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IMS HEALTH INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS DEFICIT (Unaudited)

(Dollars and shares in thousands, except per share data)

	Shares						Accumulated Other Comprehensive Income (Loss)					
	Common Stock	Treasury Stock	Common Stock	Capital in Excess of Par	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	Post Retirement Post Employ Adjust SFAS 158	Other Compre-hensive Income	Total IMS Health Shareholders (Deficit) Equity	Noncontrolling Interest	Total (Deficit) Equity
Balance, December 31, 2007	**335,045**	**143,818**	**$ 3,350**	**$ 535,500**	**$ 2,771,278**	**$ (3,355,790)**	**$ 61,931**	**$ (56,584)**		**$ (40,315)**	**$ 1,444**	**$ (38,871)**
Net Income Attributable to IMS Health					311,250				$ 311,250	311,250	940	312,190
Cash Dividends ($0.12 per share)					(22,183)					(22,183)		(22,183)
Stock-Based Compensation Expense				28,036						28,036		28,036
Net Tax Benefit on Stock-Based Compensation				(499)						(499)		(499)
Treasury Shares Acquired Under Purchases		10,495				(238,046)				(238,046)		(238,046)
Treasury Shares Reissued Under:												
Exercise of Stock Options		(277)		(920)		6,441				5,521		5,521
Vesting of Restricted Stock		(473)		(15,642)		10,977				(4,665)		(4,665)
Employee Stock Purchase Plan		1		3		(28)				(25)		(25)
Cumulative Translation Adjustment							(233,921)		(233,921)	(233,921)	(490)	(234,411)
SFAS 158 Adjustments								(60,527)	(60,527)	(60,527)		(60,527)
Total Comprehensive Income									$ 16,802		450	
Balance, December 31, 2008	**335,045**	**153,564**	**$ 3,350**	**$ 546,478**	**$ 3,060,345**	**$ (3,576,446)**	**$ (171,990)**	**$ (117,111)**		**$ (255,374)**	**$ 1,894**	**$ (253,480)**
Net Income Attributable to IMS Health					196,215				$ 196,215	196,215	96	196,311
Cash Dividends ($0.12 per share)					(11,160)					(11,160)		(11,160)
Stock-Based Compensation Expense				15,605						15,605		15,605
Net Tax Benefit on Stock-Based Compensation				(4,440)						(4,440)		(4,440)
Treasury Shares Reissued Under:												
Vesting of Restricted Stock		(905)		(26,881)		20,981				(5,900)		(5,900)
Cumulative Translation Adjustment							39,381		39,381	39,381	(528)	38,853
								1,745	1,745	1,745		1,745

SFAS 158 Adjustments												
Total Comprehensive Income									$ 237,341		(432)	
Balance, June 30, 2009	**335,045**	**152,659**	**$ 3,350**	**$ 530,762**	**$ 3,245,400**	**$ (3,555,465)**	**$ (132,609)**	**$ (115,366)**		**$ (23,928)**	**$ 1,462**	**$ (22,466)**

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

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IMS HEALTH INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollars and shares in thousands, except per share data)

Note 1. Interim Condensed Consolidated Financial Statements (Unaudited)

The accompanying Condensed Consolidated Financial Statements (Unaudited) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and Article 10 of Regulation S-X under the Securities and Exchange Act of 1934, as amended. The Condensed Consolidated Financial Statements (Unaudited) do not include all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, all of which are of a normal recurring nature, considered necessary for a fair presentation of the statements of financial position, income, shareholders deficit and cash flows for the periods presented have been included. The Company has evaluated for disclosure subsequent events that have occurred up to July 31, 2009, the date of issuance of these financial statements. The results of operations for interim periods are not necessarily indicative of the results expected for the full year. The December 31, 2008 balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. The Condensed Consolidated Financial Statements (Unaudited) and related notes should be read in conjunction with the Consolidated Financial Statements and related notes of IMS Health Incorporated (the Company or IMS) included in its 2008 Annual Report on Form 10-K. Certain prior year amounts have been reclassified to conform to the 2009 presentation. Amounts presented in the Condensed Consolidated Financial Statements (Unaudited) may not add due to rounding.

Note 2. Basis of Presentation

IMS Health Incorporated is the leading global provider of market intelligence to the pharmaceutical and healthcare industries. The Company offers leading-edge market intelligence products and services that are integral to its clients day-to-day operations, including product and portfolio management capabilities; commercial effectiveness innovations; managed care and consumer health offerings; and consulting and services solutions that improve productivity and the delivery of quality healthcare worldwide. The Company s information products are developed to meet client needs by using data secured from a worldwide network of suppliers in more than 100 countries. The Company s business lines are:

- Commercial Effectiveness to increase clients productivity across end-to-end sales, marketing, promotional and performance management processes;

- Product and Portfolio Management to provide clients with insights into market measurement so they can optimize their product portfolio and strategies; and

- New Business Areas that support pharmaceutical client business initiatives in managed markets, consumer health, and pricing and market access, and that also serve payer and government audiences.

Within these business lines, the Company provides consulting and services that use in-house capabilities and methodologies to assist clients in analyzing and evaluating market trends, strategies

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IMS HEALTH INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollars and shares in thousands, except per share data)

and tactics, and to help in the development and implementation of customized software applications and data warehouse tools.

The Company operates in more than 100 countries.

The Company is managed on a global business model with global leaders for the majority of its critical business processes and accordingly has one reportable segment (see Note 16).

Note 3. Summary of Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value MeasurementsThis statement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The adoption of SFAS No. 157, effective January 1, 2008, did not have a material impact on the Company s financial position, results of operations or cash flows. In February 2008, the FASB issued Staff Positions No. FAS 157-1 and No. FAS 157-2 which delayed the effective date of SFAS No. 157 for one year for certain non-financial assets and liabilities and removed certain leasing transactions from its scope. The adoption of Staff Positions No. FAS 157-1 and No. 157-2, effective January 1, 2009, did not have a material impact on the Company s financial position, results of operations or cash flows.

In December 2008, the FASB issued FASB Staff Position (FSP) FAS 132(R)-1, Employers Disclosures about Postretirement Benefit Plan Assets (FSP FAS 132(R)-1), which amends SFAS No. 132 (revised 2003), Employers Disclosures about Pensions and Other Postretirement Benefits, to provide guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009, with earlier application permitted. Upon initial application, the provisions of FSP FAS 132(R)-1 are not required for earlier periods that are presented for comparative purposes. The Company is currently evaluating the new disclosure requirements under FSP FAS 132(R)-1.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP FAS 157-4), which provides guidance on determining fair values when there is no active market or where the price inputs being used represent distressed sales. It also reaffirms what SFAS No. 157 states is the objective of fair value measurement to reflect how much an asset would be sold for in an orderly transaction (as opposed to a distressed or forced transaction) at the date of the financial statements under current market conditions. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009. The adoption of FSP FAS 157-4 did not have a material impact on the Company s financial position, results of operations or cash flows.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments, which requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements.

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IMS HEALTH INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollars and shares in thousands, except per share data)

This standard also requires those disclosures in summarized financial information at interim reporting periods. FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009. The adoption of this standard did not have a material impact on the Company s financial position, results of operations or cash flows.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events. This statement establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This statement is effective for interim or annual financial periods ending after June, 15, 2009. The adoption of SFAS No. 165 did not have a material impact on the Company s financial position, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets, an amendment to FASB Statement No. 140. This statement eliminates the concept of qualifying special-purpose entities (QSPEs), changes the requirements for derecognizing financial assets and requires additional disclosures about transfers of financial assets, including securitization transactions, and an entity s continuing involvement in and exposure to the risks related to transferred financial assets. This Statement must be applied as of the beginning of each reporting entity s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company is currently evaluating this statement to determine any potential impact that it may have on the financial results of the Company.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R). The statement eliminates the exemption for QSPEs, requires a new approach for determining who should consolidate variable-interest entities (VIEs), and changes when it is necessary to reassess who should consolidate VIEs. This Statement shall be effective as of the beginning of each reporting entity s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company is currently evaluating this statement to determine any potential impact that it may have on the financial results of the Company.

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162. This statement replaces FASB Statement No. 162, The Hierarchy of Generally Accepted Accounting Principles, and establishes the FASB Accounting Standards Codification as the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. This Statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this statement is not expected to have a material impact on the financial results of the Company.

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IMS HEALTH INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollars and shares in thousands, except per share data)

Note 4. Summary of Significant Accounting Policies

Operating Costs of Information and Analytics

Operating costs of information and analytics (I&A) include costs of data, data processing and collection and costs attributable to personnel involved in production, data management and delivery of the Company s I&A offerings.

One of the Company s major expenditures is the cost for the data it receives from suppliers. After receipt of the raw data and prior to the data being available for use in any part of its business, the Company is required to transform the raw data into useful information through a series of comprehensive processes. These processes involve significant employee costs and data processing costs.

Costs associated with the Company s data purchases are deferred within work-in-process inventory and recognized as expense as the corresponding data product revenue is recognized by the Company, generally over a thirty to sixty day period.

Direct and Incremental Costs of Consulting and Services

Direct and incremental costs of consulting and services (C&S) include the costs of the Company s consulting staff directly involved with delivering revenue generating engagements, related accommodations and the costs of primary market research data purchased specifically for certain individual C&S engagements. Although the Company s data is used in multiple customer solutions across different offerings within both I&A and C&S, the Company does not have a meaningful way to allocate the direct cost of the data between I&A and C&S revenues. As such, the direct and incremental costs of C&S do not reflect the total costs incurred to deliver its C&S revenues.

Costs associated with the Company s time and material and fixed-price C&S contracts are recognized as incurred.

Note 5. Acquisitions

The Company makes acquisitions in order to expand its products, services and geographic reach. On January 1, 2009, the Company adopted SFAS No. 141R, Business Combinations (SFAS 141R), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. The impact of the adoption of SFAS 141R on the Company s financial position, results of operations and cash flows will be dependent on the terms and conditions of acquisitions consummated on or after the adoption date.

During the six months ended June 30, 2009, the Company did not complete any acquisitions.

During the six months ended June 30, 2008, the Company completed three acquisitions of Robinson and James Research Pty Limited (Australia), Fourth Hurdle Consulting Limited (U.K.) and

IMS HEALTH INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollars and shares in thousands, except per share data)

Health Benchmarks, Inc. (U.S.) at an aggregate cost of approximately $24,100 which were accounted for under the purchase method of accounting. As such, the aggregate purchase price was allocated on a preliminary basis to the assets acquired based on estimated fair values as of the closing date. The purchase price allocations were finalized during the first quarter of 2009 and during 2008. The Condensed Consolidated Financial Statements (Unaudited) include the results of these acquired companies subsequent to the closing of these acquisitions. Had these acquisitions occurred as of January 1, 2008 or 2007, the impact on the Company s results of operations would not have been significant. Goodwill of approximately $16,400 was recorded in connection with these acquisitions, none of which was deductible for tax purposes.

Note 6. Goodwill and Intangible Assets

Goodwill and intangible assets that have indefinite useful lives are not amortized and are tested at least annually (or based on any triggering event) for impairment. Intangible assets that have finite useful lives are amortized. During the six months ended June 30, 2009, the Company s goodwill increased by $11,356 mainly due to foreign currency translation adjustments. During the six months ended June 30, 2008, the Company s goodwill increased by $47,628 due to foreign currency translation adjustments and the preliminary allocation of purchase price for the acquisitions completed during the six months ended June 30, 2008 (see Note 5).

All of the Company s other acquired intangibles are subject to amortization. Intangible asset amortization expense was $4,334 and $8,884 during the three and six months ended June 30, 2009, respectively, and $4,768 and $9,489 during the three and six months ended June 30, 2008, respectively. At June 30, 2009, intangible assets were primarily composed of customer relationships, databases and trade names (principally included in other assets) and computer software. The gross carrying amounts and related accumulated amortization of these intangibles were $188,397 and $107,516, respectively, at June 30, 2009 and $189,383 and $98,736, respectively, at December 31, 2008. These intangibles are amortized over periods ranging from two to twenty years. As of June 30, 2009, the weighted average amortization periods of the acquired intangibles by asset class are listed in the following table:

Intangible Asset Type	**Weighted Average Amortization Period (Years)**
Customer Relationships	10.0
Computer Software and Algorithms	7.0
Databases	4.7
Trade Names	4.3
Other	4.0
Weighted average	8.8

Based on current estimated useful lives, amortization expense associated with intangible assets at June 30, 2009 is estimated to be approximately $4,205 for each of the remaining two quarters in 2009. Thereafter, annual amortization expense associated with intangible assets is estimated to be as follows:

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Year Ended December 31,	Amortization Expense
2010	13,299
2011	11,963
2012	10,314
2013	10,036
2014	8,299
Thereafter	$ 18,561

Note 7. Contingencies

The Company and its subsidiaries are involved in legal and tax proceedings, claims and litigation arising in the ordinary course of business. Management periodically assesses the Company s liabilities and contingencies in connection with these matters based upon the latest information available. For those matters where management currently believes it is probable that the Company will incur a loss and that the probable loss or range of loss can be reasonably estimated, the Company has recorded reserves in the Condensed Consolidated Financial Statements (Unaudited) based on its best estimates of such loss. In other instances, because of the uncertainties related to either the probable outcome or the amount or range of loss, management is unable to make a reasonable estimate of a liability, if any. However, even in many instances where the Company has recorded a reserve, the Company is unable to predict with certainty the final outcome of the matter or whether resolution of the matter will materially affect the Company s results of operations, financial position or cash flows. As additional information becomes available, the Company adjusts its assessment and estimates of such liabilities accordingly.

The Company routinely enters into agreements with its suppliers to acquire data and with its customers to sell data, all in the normal course of business. In these agreements, the Company sometimes agrees to indemnify and hold harmless the other party for any damages such other party may suffer as a result of potential intellectual property infringement and other claims related to the use of the data. These indemnities typically have terms of approximately two years. The Company has not accrued a liability with respect to these matters, as the exposure is considered remote.

Based on its review of the latest information available, in the opinion of management, the ultimate liability of the Company in connection with pending tax and legal proceedings, claims and litigation will not have a material effect on the Company s results of operations, cash flows or financial position, with the possible exception of the matters described below.

D&B Legacy and Related Tax Matters

Sharing Disputes. In 1996, the company then known as The Dun & Bradstreet Corporation (D&B) and now known as R.H. Donnelley Corporation (Donnelley) separated into three public companies by spinning off ACNielsen Corporation (ACNielsen) and the company then known as Cognizant Corporation (Cognizant) (the 1996 Spin-Off). Cognizant is now known as Nielsen Media Research, Inc., a subsidiary of The Nielsen Company, formerly known as VNU N.V. (NMR). The agreements effecting the 1996 Spin-Off allocated tax-related liability with respect to

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certain prior business transactions between D&B and Cognizant. The D&B portion of such liability is now shared among Donnelley and certain of its former affiliates (the Donnelley Parties), and the Cognizant portion of such liability is shared between NMR and the Company pursuant to the agreements effecting Cognizant s spin-off of the Company in 1998 (the 1998 Spin-Off).

The underlying tax controversies with the Internal Revenue Service (IRS) have substantially all been resolved and the Company paid to the IRS the amounts that it believed were due and owing. In the first quarter of 2006, Donnelley indicated that it disputed the amounts contributed by the Company toward the resolution of these matters based on the Donnelley Parties interpretation of the allocation of liability under the 1996 Spin-Off agreements. In August 2006, the Donnelley Parties commenced arbitration regarding one of these disputes (referred to herein as the Dutch Partnership Dispute). The Dutch Partnership Dispute was resolved during the third quarter of 2008 when the parties consented to the entry of a consent award by the arbitration panel. Pursuant to the terms of the consent award, in the third quarter of 2008, the Company made a payment of $4,600 ($3,100 net of tax benefit) and an additional interest and cost payment of $2,600 ($1,700 net of tax benefit) to the Donnelley Parties. The remaining disputes were resolved during the second quarter of 2009 by agreement among the parties. Pursuant to the 2009 settlement agreement, the Company made a payment of $10,750 ($8,000 net of tax benefit) to the Donnelley Parties in full satisfaction of its liability with respect to the remaining disputes (see Note 11).

The Partnership (Tax Year 1997). During the fourth quarter of 2008, the Company entered into a final agreement with the IRS in which the IRS disallowed certain items of partnership expense for tax year 1997 with respect to a partnership now substantially owned by the Company (the Partnership). During 1997, the Partnership was substantially owned by Cognizant, but liability for this matter was allocated to the Company pursuant to the agreements effecting the 1998 Spin-Off. Pursuant to the settlement, during the second quarter of 2009, the Company paid $20,400 (tax and interest, net of tax benefit) to the IRS in full satisfaction of its liability with respect to the Partnership for tax year 1997.

In addition to these matters, the Company and its predecessors have entered, and the Company continues to enter, into global tax planning initiatives in the normal course of their businesses. These activities are subject to review by applicable tax authorities. As a result of the review process, uncertainties exist and it is possible that some of these matters could be resolved adversely to the Company.

IMS Health Government Solutions Voluntary Disclosure Program Participation

The Company s wholly-owned subsidiary, IMS Government Solutions Inc., is primarily engaged in providing services and products under contracts with the U.S. government. U.S. government contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. government have the ability to investigate whether contractors operations are being conducted in accordance with such requirements. U.S. government investigations, whether relating to these contracts or conducted for other reasons, could result in administrative, civil or criminal liabilities, including repayments, fines or penalties being imposed on us, or could lead to suspension or debarment from future U.S. government contracting. U.S. government investigations often take

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years to complete and may result in no adverse action against the Company.

IMS Government Solutions discovered potential noncompliance with various contract clauses and requirements under its General Services Administration Contract which was awarded in 2002 to its predecessor company, Synchronous Knowledge Inc. (Synchronous Knowledge Inc. was acquired by IMS in May 2005). Upon discovery of the potential noncompliance, the Company began remediation efforts, promptly disclosed the potential noncompliance to the U.S. government, and was accepted into the Department of Defense Voluntary Disclosure Program. The Company filed its Voluntary Disclosure Program Report (Disclosure Report) on August 29, 2008. Based on the Company s findings as disclosed in the Disclosure Report, the Company recorded a reserve of approximately $3,700 for this matter in the third quarter of 2008. The Company is currently unable to determine the outcome of this matter pending the resolution of the Voluntary Disclosure Program process and its ultimate liability arising from this matter could exceed its current reserve.

Other Contingencies

Contingent Consideration. Under the terms of certain purchase agreements related to acquisitions consummated in 2008 and prior, the Company may be required to pay additional amounts as contingent consideration based on the achievement of certain performance related targets during 2009. These additional payments will be recorded as goodwill in accordance with Emerging Issues Task Force (EITF) No. 95-8, Accounting for Contingent Consideration Paid to the Shareholders of an Acquired Enterprise in a Purchase Business Combination. The Company paid approximately $2,400 under these contingencies during 2009. Based on current estimates, the Company expects that additional contingent consideration under these agreements may total approximately $3,200. It is expected that these contingencies will be resolved within a specified time period after the end of calendar year 2009.

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Note 8. Stock-Based Compensation

The following table summarizes activity of stock options for the periods indicated:

	Shares		Weighted Average Exercise Price Per Share
Options Outstanding, December 31, 2006	21,396	$	23.43
Granted			
Exercised	(6,299)	$	22.72
Forfeited	(200)	$	24.14
Cancelled	(371)	$	27.61
Options Outstanding, December 31, 2007	14,526	$	23.62
Granted	1,159	$	22.58
Exercised	(277)	$	19.91
Forfeited	(88)	$	23.86
Cancelled	(2,141)	$	25.51
Options Outstanding, December 31, 2008	**13,179**	**$**	**23.29**
Granted	**1,795**	**$**	**13.43**
Exercised			
Forfeited	**(22)**	**$**	**22.58**
Cancelled	**(2,542)**	**$**	**29.19**
Options Outstanding, June 30, 2009	**12,410**	**$**	**20.66**
Options Vested or Expected to Vest, June 30, 2009	**12,181**	**$**	**20.74**
Exercisable, June 30, 2009	**9,786**	**$**	**21.82**

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The following table summarizes activity of restricted stock units (RSUs) with service conditions:

	Shares		Weighted Average Grant Date Fair Value
Unvested, December 31, 2006	1,558	$	25.04
Granted	1,219	$	29.64
Vested	(296)	$	26.06
Forfeited	(148)	$	28.09
Unvested, December 31, 2007	2,333	$	27.16
Granted	1,356	$	22.24
Vested	(569)	$	27.45
Forfeited	(348)	$	26.74
Unvested, December 31, 2008	**2,772**	**$**	**24.75**
Granted	**2,036**	**$**	**13.44**
Vested	**(858)**	**$**	**25.69**
Forfeited	**(112)**	**$**	**24.87**
Unvested, June 30, 2009	**3,838**	**$**	**18.54**
Vested or Expected to Vest, June 30, 2009	**3,471**	**$**	**18.65**

The following table summarizes activity of RSUs with performance conditions:

	Shares		Weighted Average Grant Date Fair Value
Unvested, December 31, 2006	613	$	24.20
Granted	402	$	14.72
Vested	(84)	$	18.65
Forfeited	(6)	$	27.00
Unvested, December 31, 2007	925	$	20.56
Granted	357	$	12.97
Vested	(109)	$	23.86
Forfeited	(12)	$	27.26
Unvested, December 31, 2008	**1,161**	$	**17.84**
Granted	**655**	**$**	**13.27**
Vested	**(453)**	**$**	**20.70**
Forfeited	**(2)**	**$**	**24.35**
Unvested, June 30, 2009	**1,361**	**$**	**15.05**
Vested or Expected to Vest, June 30, 2009	**1,270**	**$**	**15.13**

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The following table summarizes activity of non-employee director deferred stock granted in lieu of board meeting fees:

	Shares		Weighted Average Grant Date Fair Value
Outstanding, December 31, 2006	33	$	22.49
Granted	5	$	29.50
Outstanding, December 31, 2007	38	$	23.37
Granted	6	$	19.71
Outstanding, December 31, 2008	**44**	**$**	**22.81**
Granted	**4**	**$**	**13.96**
Issued	**(14)**	**$**	**21.68**
Outstanding, June 30, 2009	**34**	**$**	**22.18**

The following table summarizes the components and classification of stock-based compensation expense for the periods indicated:

	Three Months Ended June 30,				Six Months Ended June 30,			
		2009		2008		2009		2008
Stock Options	**$**	**814**	$	1,199	**$**	**1,178**	$	3,217
RSUs		**7,946**		7,637		**14,427**		13,012
Employee Stock Purchase Plan								(2)
Total Stock-Based Compensation Expense	**$**	**8,760**	$	8,836	**$**	**15,605**	$	16,227
Operating Costs of I&A	**$**	**748**	$	844	**$**	**1,236**	$	1,621
Direct and Incremental Costs of C&S		**1,235**		1,003		**2,154**		1,711
Selling and Administrative Expenses		**6,777**		6,989		**12,215**		12,895
Total Stock-Based Compensation Expense	**$**	**8,760**	$	8,836	**$**	**15,605**	$	16,227
Tax Benefit on Stock-Based Compensation Expense	**$**	**2,719**	$	2,727	**$**	**4,954**	$	5,127
Capitalized Stock-Based Compensation Expense	**$**	**45**	$	65	**$**	**83**	$	106

On April 21, 2009, the Company awarded its annual grant in the form of restricted stock units whose vesting and delivery are contingent upon completion of a specified period of future service. The awards have a zero exercise price to the employee and vest ratably over three to four years. The Company s amortization of the award is based upon the fair market value of a share of Common Stock on April 21, 2009. In addition, on April 21, 2009, the Company awarded stock appreciation rights (SARs) to certain executives. The SARs have an exercise price of $13.43 to the employee,

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vest ratably over 3 years, and the Company s amortization of the award is based upon the Black-Scholes value.

For a complete description of the Company s Stock Incentive Plans and its accounting policies regarding stock-based compensation, refer to Notes 2 and 11 of the Company s 2008 Annual Report on Form 10-K as filed with the SEC.

Note 9. Financial Instruments

On January 1, 2009, the Company adopted SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (SFAS 161), which requires enhanced disclosures about an entity s derivative and hedging activities as provided below. As this statement requires only additional disclosures, the adoption of SFAS 161 did not have an impact on the Company s financial position, results of operations or cash flows.