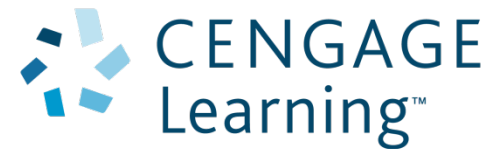


Fiscal 2011 Third Quarter Investor Call

May 11, 2011



Safe Harbor/Forward-Looking Statements

- The following discussion may contain forward-looking statements, including statements about the outlook and prospects for Cengage Learning.
- Forward-looking statements are those which are not historical facts. These and other statements that relate to future results and events are based on Cengage Learning's current expectations and assumptions and are subject to risks and uncertainties which may cause our actual results in future periods to differ materially from those currently expected because of risk factors discussed in this presentation, our Third Quarter Report for the Three and Nine Months Ended March 31, 2011 and the "Risk Factors" section of the Annual Report for the Fiscal Year Ended June 30, 2010. Please consult these documents for a more complete understanding of these risks and uncertainties. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

- This presentation contains disclosures of Adjusted EBITDA, Unlevered Free Cash Flow and Covenant Adjusted EBITDA which are non-GAAP financial measures. Please see the Appendix for a definition of these measures and reconciliations to the most directly comparable financial measures prepared in accordance with GAAP.

❖ Welcome / Introductions

Dave Faiman

❖ Business and Market Update

Ron Dunn

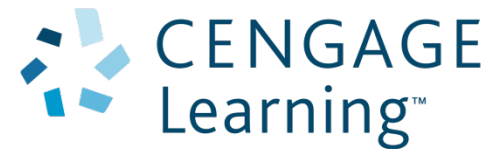
❖ Financial Results

Dean Durbin

❖ Questions & Answers

Business and Market Update

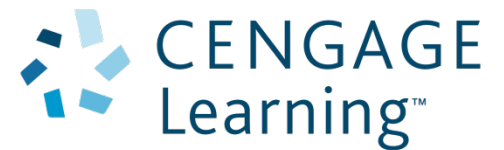
Ron Dunn



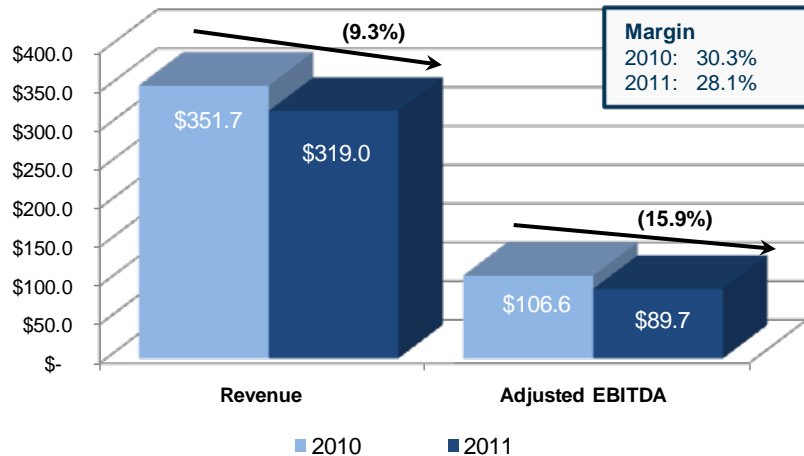
- ❖ External Market Conditions
- ❖ Overview of Third Quarter Performance
- ❖ Digital Update

Financial Results

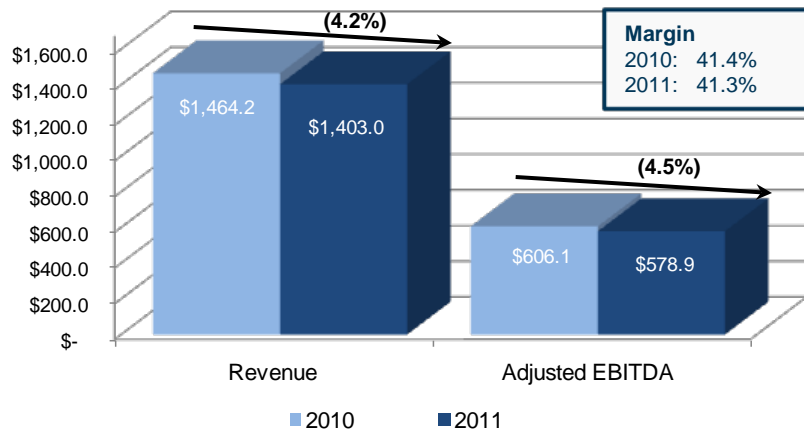
Dean Durbin



Three Months Ended March 31,



Nine Months Ended March 31,



Third Quarter Overview

Revenue

Decrease of \$32.7 due to:

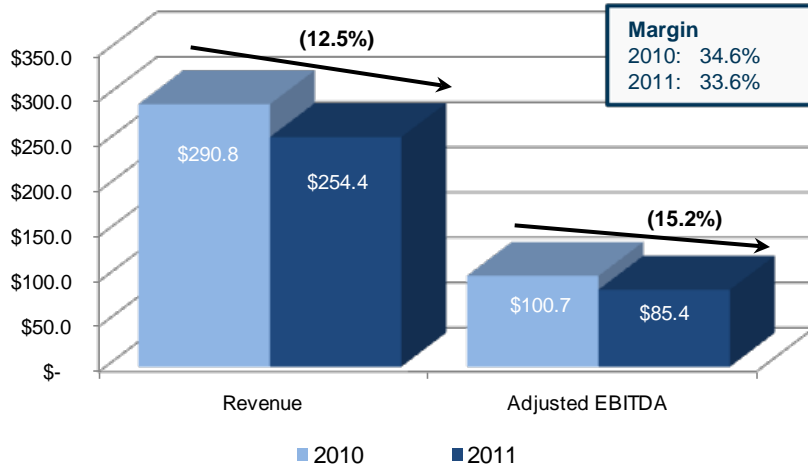
- ❖ \$30.7 decrease in our domestic Learning business and \$5.7 decrease in our domestic Research business, partially offset by
- ❖ \$3.7 increase in our International segment

Adjusted EBITDA

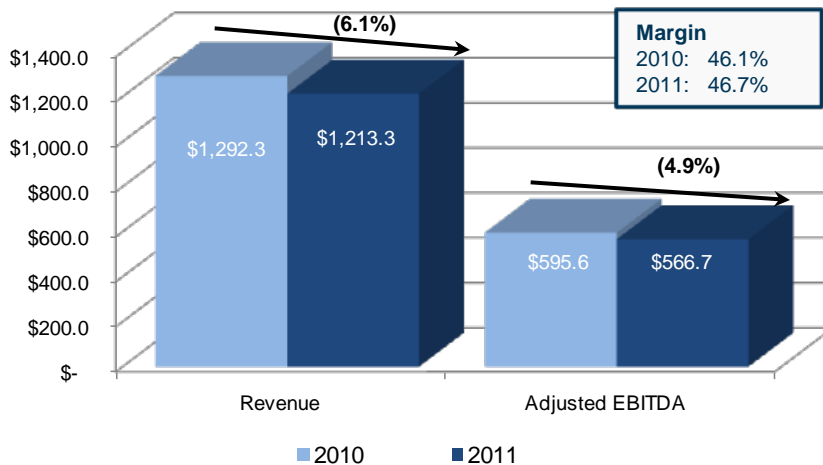
Decrease of \$16.9 due to:

- ❖ Lower revenues, partially offset by
- ❖ Lower employee-related costs and other variable costs

Three Months Ended March 31,



Nine Months Ended March 31,



Third Quarter Overview

Revenue

Decrease of \$36.4 due to:

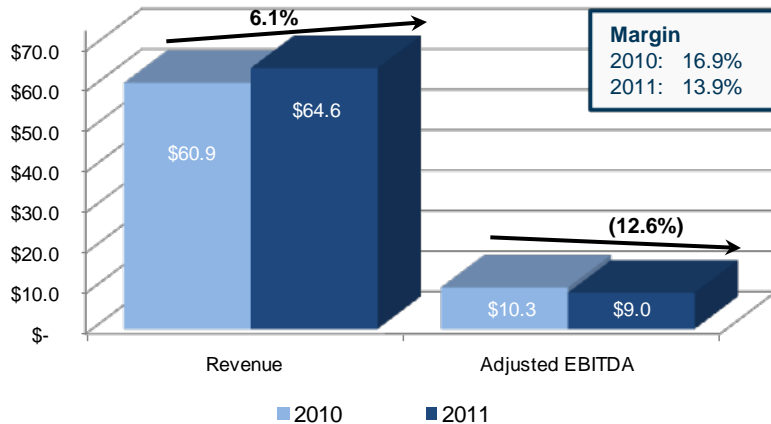
- ❖ \$30.7 decrease in our Learning business primarily reflecting lower gross sales in our Career and Higher Education channels, and
- ❖ \$5.7 decrease in our Research business reflecting the continued funding challenges for our customers

Adjusted EBITDA

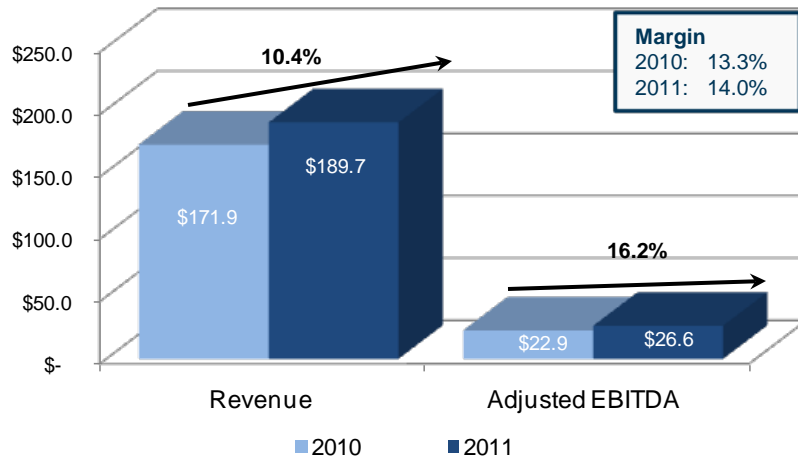
Decrease of \$15.3 due to:

- ❖ Lower revenues, partially offset by
- ❖ \$22.2 lower employee related costs primarily associated with lower incentive compensation

Three Months Ended March 31,



Nine Months Ended March 31,



Third Quarter Overview

Revenue

Increase of \$3.7 due to:

- ❖ \$3.4 favorable impact from foreign currency translation, and
- ❖ \$0.4 increase from an acquisition in Australia

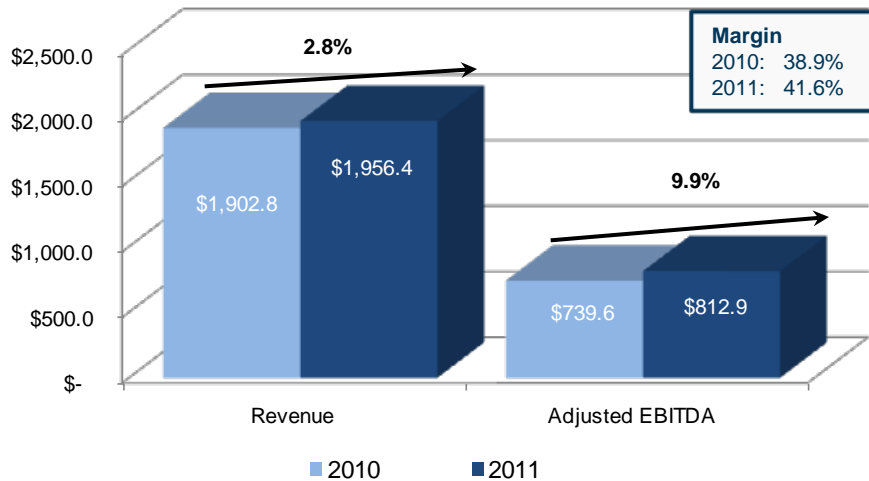
Adjusted EBITDA

Decrease of \$1.3 due to:

- ❖ Higher inventory obsolescence provision and allowance for doubtful accounts, partially offset by
- ❖ Higher revenues

Twelve Months Ended March 31, 2011

Consolidated



Revenue increase of \$53.6 reflects:

- ✿ \$37.2 increase in International segment driven by growth across all regions as well as approximately \$8 favorable impact of foreign currency translation
- ✿ \$16.4 increase in Domestic segment due to
 - (i) \$21.2 growth in our Learning business primarily due to increases in our Higher Education and Professional channels and year over year impact of an unfavorable sales returns reserve adjustment recorded in the prior year, partially offset by a decrease in our Career channel
 - (ii) \$4.8 decrease in our Research business due to a decline in print product sales and decreased HighBeam revenue, partially offset by the acquisition of Questia Media and growth in the sale of e-books

Adjusted EBITDA increase of \$73.3:

- ✿ Reflecting the revenue growth, lower employee related costs and cost management efforts

Liquidity and Capital Resources

Liquidity

(\$ Millions)

	<u>March 31, 2011</u>
Cash and cash equivalents	\$ 69.2
Revolving Credit Facility	\$ 300.0
Outstanding Letters of Credit	(3.3)
Outstanding Borrowings	-
Available Revolving Credit Facility	<u>\$ 296.7</u>

Net Indebtedness

(\$ Millions)

	<u>March 31, 2011</u>
Indebtedness	\$ 5,671.0
Cash and cash equivalents	(69.2)
Net Indebtedness	<u>\$ 5,601.8</u>
Last Twelve Months	
Covenant Adjusted EBITDA ¹	<u>\$ 843.2</u>

Capital Expenditures and Unlevered Free Cash Flow for the Nine Months Ended March 31,

(\$ Millions)

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Pre-publication costs	\$ 118.6	\$ 100.6	17.9%
Property, equipment and capitalized software for internal use	<u>50.7</u>	<u>37.0</u>	37.0%
Capital Expenditures	<u>\$ 169.3</u>	<u>\$ 137.6</u>	23.0%
Unlevered Free Cash Flow	\$ 506.4	\$ 584.6	-13.4%

Leverage Ratios at March 31, 2011

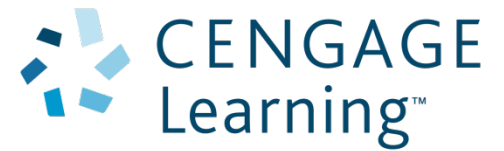
Credit Agreement:

Credit Agreement Threshold	7.75
Senior Secured Leverage Ratio	4.55
Total Leverage Ratio ²	6.64

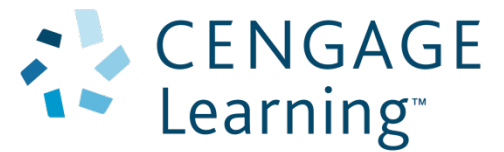
¹ We calculate Covenant Adjusted EBITDA pursuant to the terms of our Credit Agreement. A reconciliation of Covenant Adjusted EBITDA to the most directly comparable financial measure calculated and presented in accordance with GAAP is included in the Appendix to this presentation.

² Total Leverage Ratio is determined as the ratio of Net Indebtedness to Last Twelve Months Covenant Adjusted EBITDA (i.e., \$5,601.8 / \$843.2)

Questions & Answers



Appendix



Non-GAAP Financial Measures

We believe that certain non-GAAP financial measures provide additional means of analyzing the current period's results against the corresponding prior period's results. However, these non-GAAP measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

“Adjusted EBITDA”: Defined as Net income (loss) before: income (loss) from discontinued operations, net of tax; equity losses of affiliates, net of taxes; benefit from (provision for) income taxes; interest expense, net; mark-to-market of derivative instruments; gain on early extinguishment of debt; other expense, net; amortization and impairment of identifiable intangible assets; impairment of goodwill; depreciation; restructuring charges and the amortization of pre-publication costs. We believe that this performance measure provides a meaningful basis for reviewing the results of our operations by eliminating the effects of financing and investing decisions, as well as excluding the impact of activities not related to the core operating business. Adjusted EBITDA is presented pursuant to the requirements of GAAP as a measure of profit or loss for each reportable segment in Note 12, “Segment Information” of our Third Quarter Report for the Three and Nine Months Ended March 31, 2011. Reconciliations of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP are included on page 15 of this presentation.

“Unlevered Free Cash Flow”: Calculated as net cash provided by operating activities of continuing operations excluding net cash paid for interest and debt repayments in lieu of interest, but reduced for cash expenditures relating to additions to pre-publication costs and additions to property, equipment and capitalized software for internal use. We view these cash expenditures as investments required to ensure the sustainability and continued growth of our business. We believe that this liquidity measure gives us and our investors a clearer picture of the cash flow produced and reinvested by the ongoing business, before debt service. Reconciliations of Unlevered Free Cash Flow to the most directly comparable financial measure calculated and presented in accordance with GAAP are included on page 16 of this presentation.

“Covenant Adjusted EBITDA”: In order to evaluate the results of operating activities excluding the effect of significant non-recurring transactions and giving effect to the run rate impact of cost saving initiatives, acquisitions and disposals, we calculate Covenant Adjusted EBITDA pursuant to the terms of our Credit Agreement. A reconciliation of Covenant Adjusted EBITDA to the most directly comparable financial measure calculated and presented in accordance with GAAP is included on page 17 of this presentation.

Adjusted EBITDA Reconciliation

Three and Nine Months Ended March 31,

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
Adjusted EBITDA	\$ 89.7	\$ 106.6	\$ 578.9	\$ 606.1
Less:				
Amortization of pre-publication costs	(30.3)	(26.8)	(103.1)	(109.8)
Restructuring charges	-	-	(3.4)	(7.4)
Depreciation	(12.3)	(10.5)	(34.0)	(35.9)
Amortization of identifiable intangible assets	(41.9)	(41.4)	(125.8)	(123.2)
Other expense, net	-	(0.3)	-	(0.1)
Gain on early extinguishment of debt	-	-	1.9	9.2
Mark-to-market of derivative instruments	16.7	8.9	46.2	45.9
Interest expense, net	(118.4)	(125.5)	(362.6)	(388.4)
Benefit from (provision for) income taxes	2.0	1.6	(6.2)	3.9
Equity losses of affiliates, net of taxes	(1.0)	(0.7)	(2.0)	(1.7)
(Loss) income from discontinued operations	-	(0.6)	(3.8)	0.2
Net loss	<u>\$ (95.5)</u>	<u>\$ (88.7)</u>	<u>\$ (13.9)</u>	<u>\$ (1.2)</u>

Unlevered Free Cash Flow Reconciliation

Nine Months Ended March 31,

	Nine Months Ended March 31,	
	2011	2010
Net cash provided by operating activities of continuing operations	\$ 330.2	\$ 377.6
Add back:		
Net cash interest paid	341.1	337.3
Repayments of long-term debt, in lieu of interest	4.4	7.3
Additions to pre-publication costs	(118.6)	(100.6)
Additions to property, equipment and capitalized software for internal use	(50.7)	(37.0)
Unlevered Free Cash Flow	<u>\$ 506.4</u>	<u>\$ 584.6</u>

Covenant Adjusted EBITDA Reconciliation

	Twelve Months Ended March 31, 2011
Net Income	\$ 34.5
Adjustments:	
Benefit from income taxes	(5.7)
Interest expense	490.1
Interest income	(0.7)
Mark-to-market of derivative instruments	(67.2)
Gain on early extinguishment of debt	(1.9)
Amortization of identifiable intangible assets	167.5
Depreciation	45.1
Amortization of pre-publication costs	133.9
Non-cash equity-based compensation	7.5
Sponsor management fee	10.7
Pro forma run rate cost savings	3.1
Pro forma EBITDA from acquisitions	1.0
Impairment charges and asset write-offs	6.1
Restructuring, integration and business optimization expenses	11.2
Other	8.0
Covenant Adjusted EBITDA	<u>\$ 843.2</u>

Revenues and Adjusted EBITDA

Last Twelve Months Ended March 31,

	Twelve Months Ended March 31,		Growth %
	2011	2010	
Revenues			
Domestic	\$ 1,693.0	\$ 1,676.6	1.0%
International	263.4	226.2	16.4%
Total Revenues	<u>\$ 1,956.4</u>	<u>\$ 1,902.8</u>	2.8%
Adjusted EBITDA			
Domestic	\$ 791.1	\$ 731.7	8.1%
International	40.3	25.3	59.3%
Segment totals	831.4	757.0	9.8%
Corporate and Other	(18.5)	(17.4)	6.3%
Adjusted EBITDA	<u>\$ 812.9</u>	<u>\$ 739.6</u>	9.9%
Margin	41.6%	38.9%	