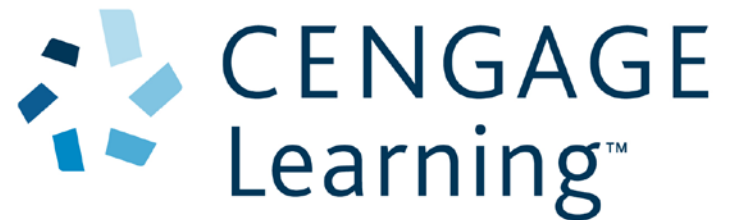


Fiscal 2012 Third Quarter Investor Call

May 4, 2012



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 and the "Risk Factors" section of our Third Quarter Report for the Three and Nine Months Ended March 31, 2012. 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 and Other Financial Measures

- ❖ This presentation contains disclosures of Adjusted EBITDA, Unlevered Free Cash Flow and Bank EBITDA which are non-GAAP financial measures.
- ❖ This presentation also contains discussions of gross sales by markets, which represents amounts invoiced to our customers. Consequently, gross sales exclude any adjustments for sales returns provision or revenue deferral. We believe this measure provides investors with a more comprehensive understanding of our underlying revenue results and trends by presenting amounts invoiced on a consistent basis. In addition, we discuss 'digital product sales' which represents (i) revenue recognized on the sale of digital products that are not packaged with printed materials and (ii) gross sales, less actual returns, of bundled print and digital products where, we believe, that the value proposition to our customer is driven by the digital offering.

 Welcome / Introductions

Dave Faiman

 Business Update

Ron Dunn

 Financial Results

Dean Durbin

 Questions & Answers

Business Update

Ron Dunn



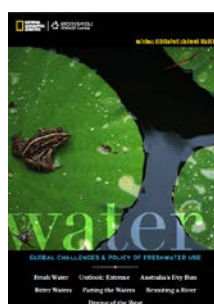
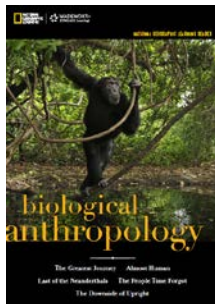
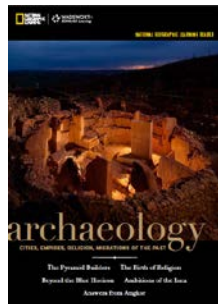
- ❁ NCCO
- ❁ National Geographic Learning
- ❁ International Highlights
- ❁ Digital Progress Report

Nineteenth Century Collections Online (NCCO)



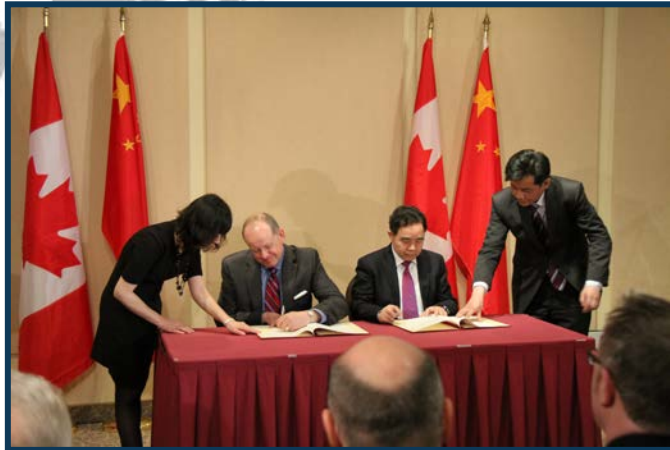
- ❁ Gale launched the first two Archives of Nineteenth Century Collections Online (NCCO)
- ❁ Resource is built on an innovative technology platform with tools to support advanced research
- ❁ NCCO builds on the success of ECCO (Eighteenth Century Collections Online), the single best selling product in Gale's history
- ❁ 2012 NCCO Archives include nearly 10 million pages of content
- ❁ Leading institutions across North America have already acquired all four 2012 Archives

National Geographic Learning



- ❖ National Geographic Learning (NGL) enters Higher Ed and Career markets with the release of the *National Geographic Learning Reader Series*
- ❖ Plans to integrate National Geographic content more broadly into Higher Ed products through:
 - ❖ Revisions of existing, best-selling textbooks
 - ❖ The creation of new, co-branded NGL core textbooks
- ❖ Strong National Geographic brand recognition among Higher Ed customers

International Highlights



- ✿ China
- ✿ Latin America
- ✿ EMEA

Digital Progress Report



- ❁ Early Adopter Program Continues
- ❁ More than 500 new MindTap solutions, scheduled for 2012, will start releasing this summer across a range of disciplines.
- ❁ On track for an advanced level of third party LMS integrations
- ❁ More information available at: www.cengage.com/mindtap

Digital Progress Report



- ❖ More than 10M unique visitors this fiscal year, reflecting more than 150% growth
- ❖ More than \$40M of revenue (TTM), which is more than 103% growth over previous year
- ❖ Digital makes up more than 75% of CengageBrain revenue
- ❖ More than 28% of CengageBrain customers are repeat customers (up from 20% last year)
- ❖ Approximately 70% of CengageBrain customers report that they would be likely to recommend CengageBrain to others

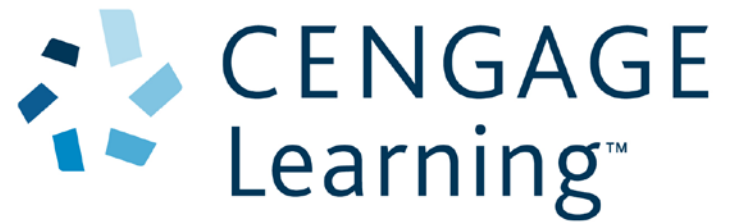
Digital Progress Report

For the twelve months ended March 31, 2012:

- ❁ Revenue from digital solutions represented 35.4% of total revenue
- ❁ Revenue from curriculum solutions grew 33.6%
- ❁ Revenue from custom digital solutions grew 28.0%
- ❁ 3.3 million students activated a Curriculum Solution (up 24.0%)
- ❁ Students conducted 91.3 million sessions (up 29.5%)

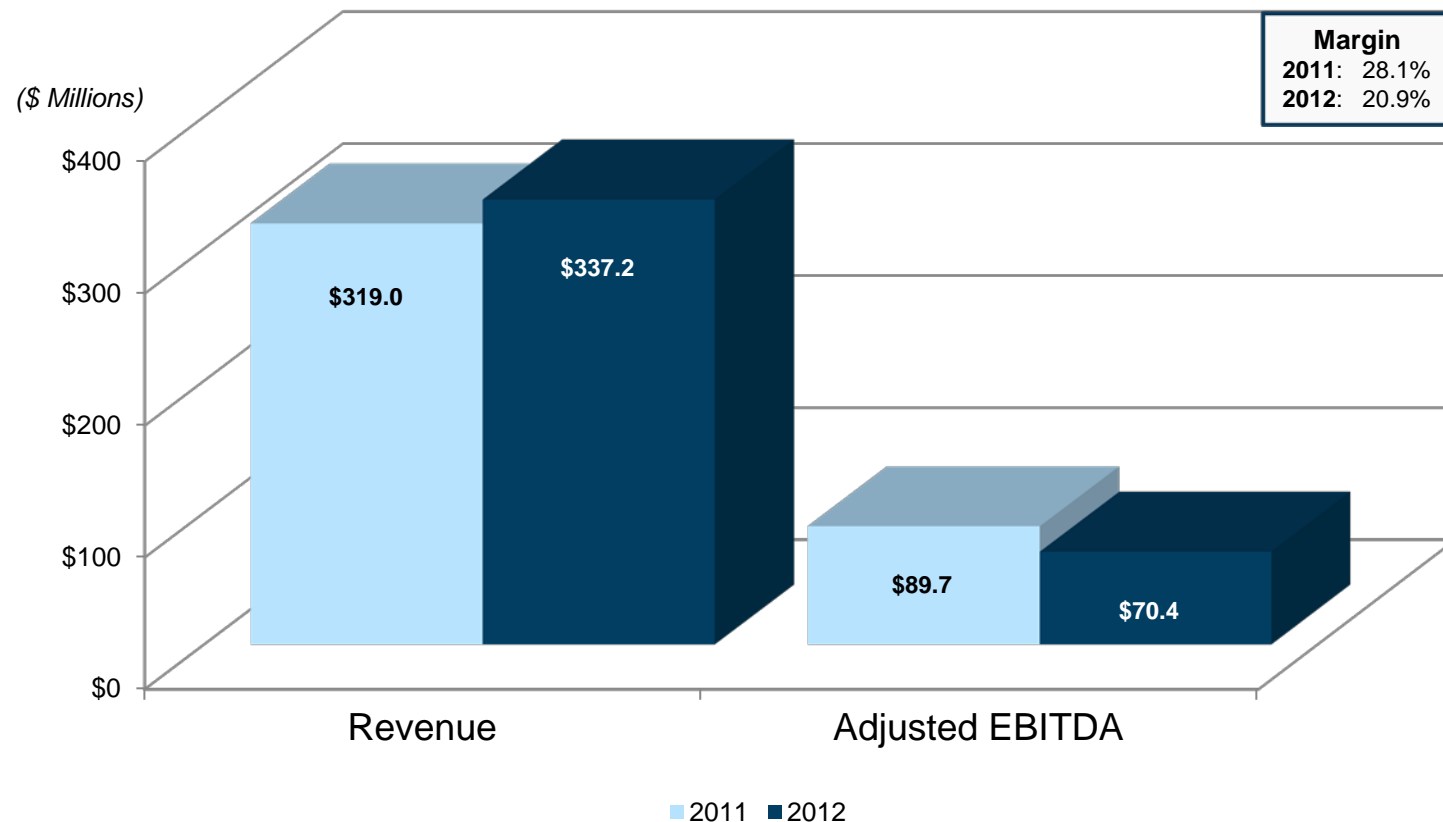
Financial Update

Dean Durbin



Consolidated

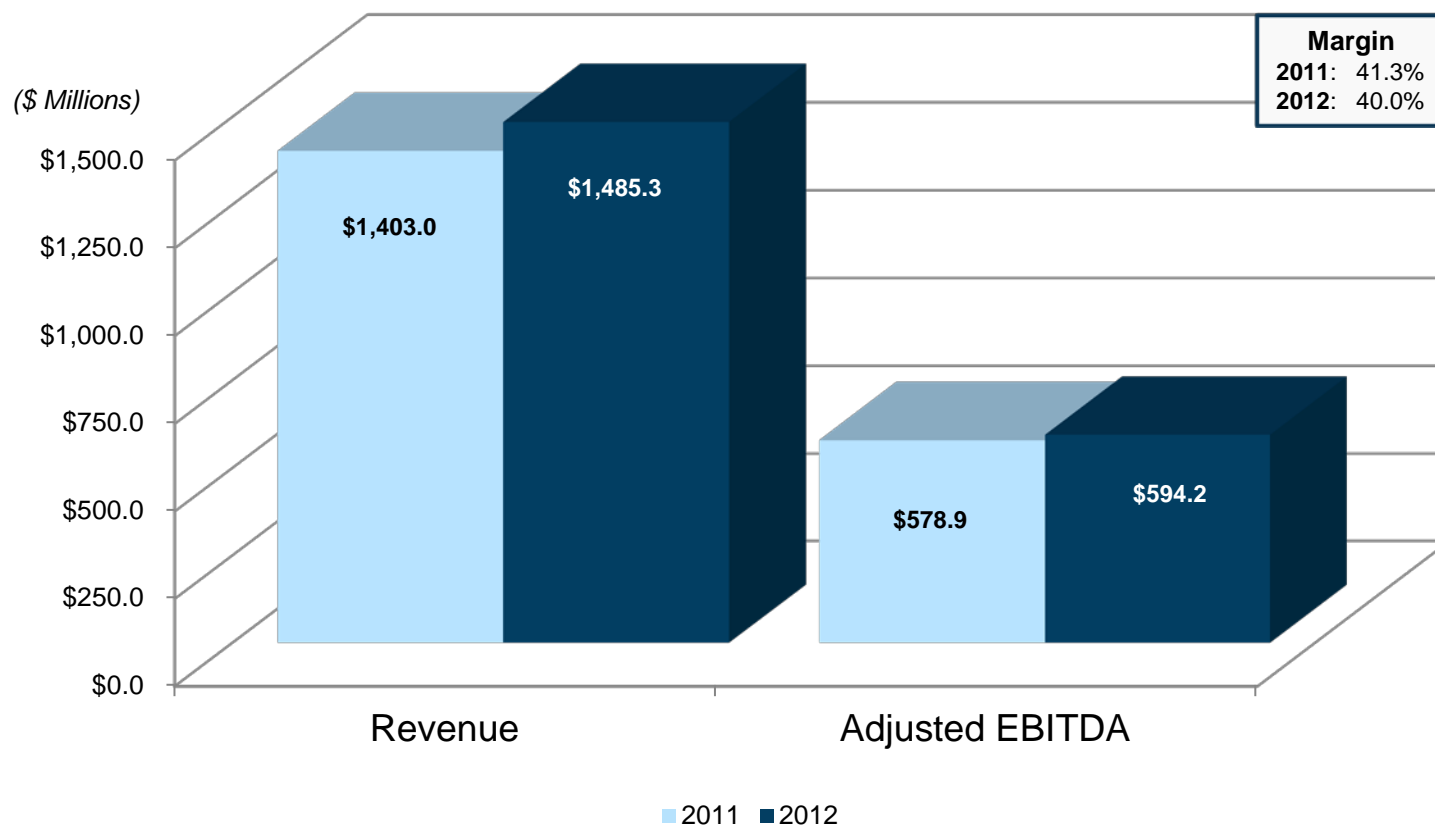
Three Months Ended March 31



The aggregate of our two segments' Adjusted EBITDA does not equal our total Adjusted EBITDA because our segment profit measure of Adjusted EBITDA excludes equity-based compensation, fees paid to our Sponsors under advisory agreements and other corporate-related expenses.

Consolidated

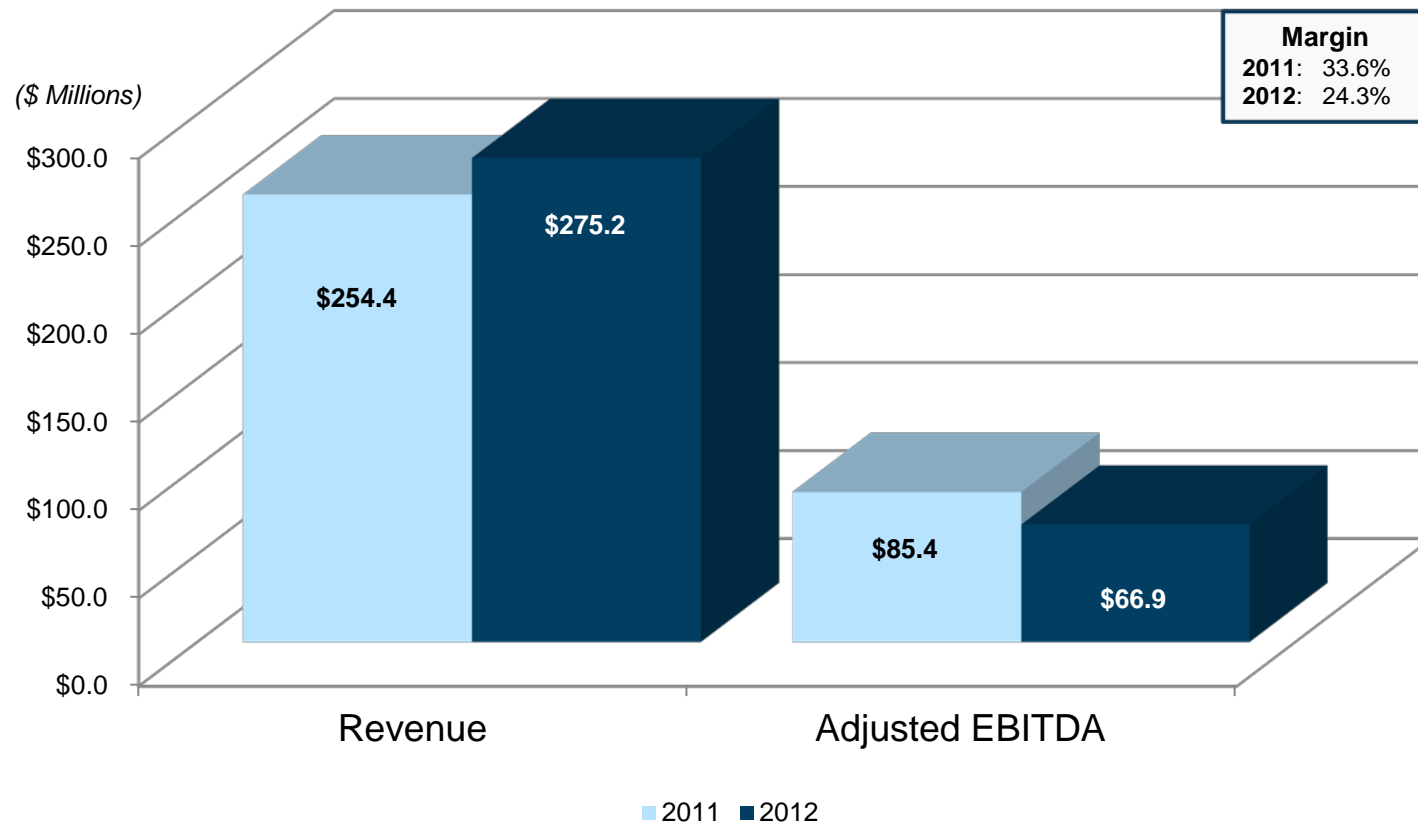
Nine Months Ended March 31



The aggregate of our two segments' Adjusted EBITDA does not equal our total Adjusted EBITDA because our segment profit measure of Adjusted EBITDA excludes equity-based compensation, fees paid to our Sponsors under advisory agreements and other corporate-related expenses.

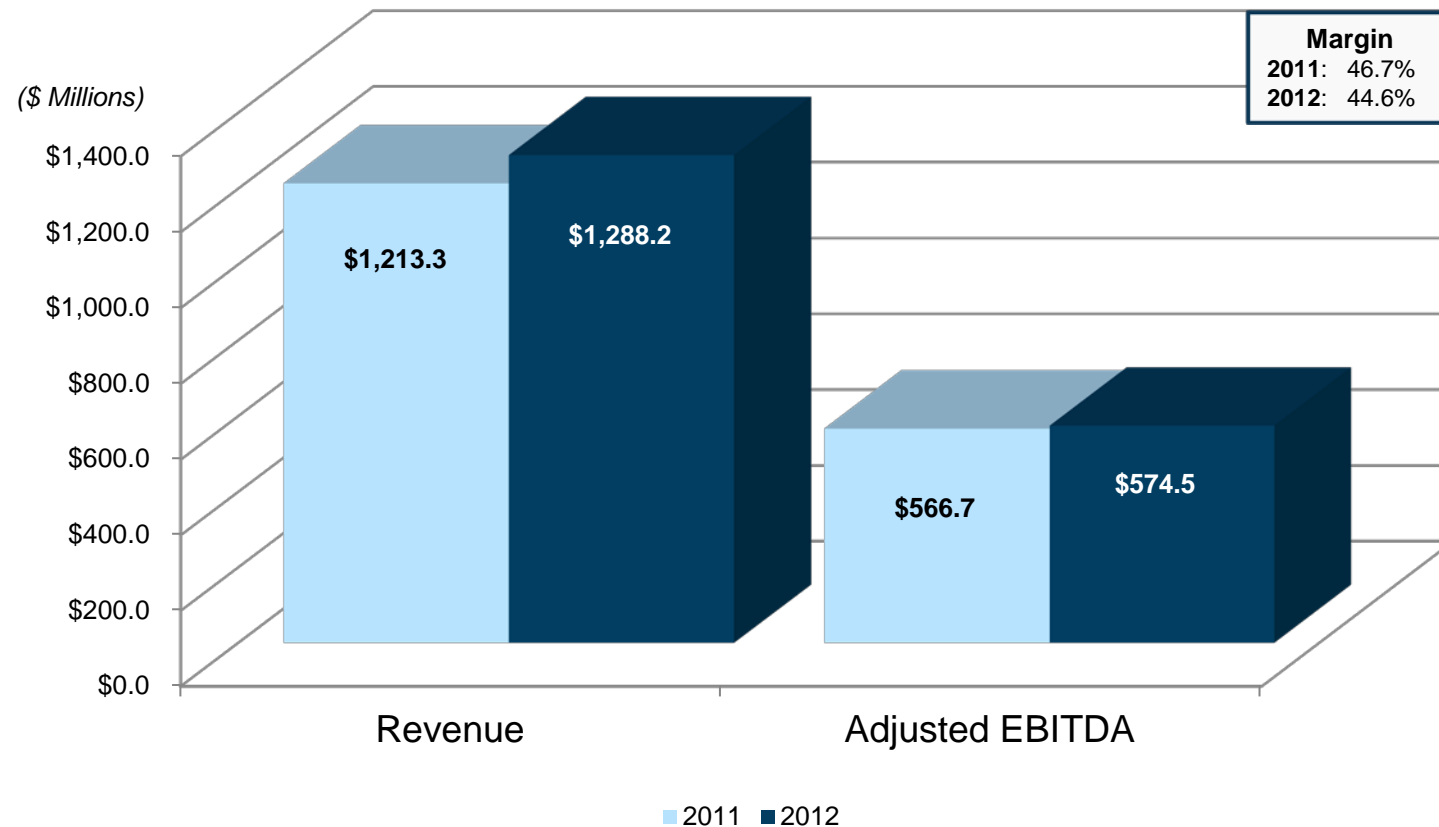
Domestic

Three Months Ended March 31



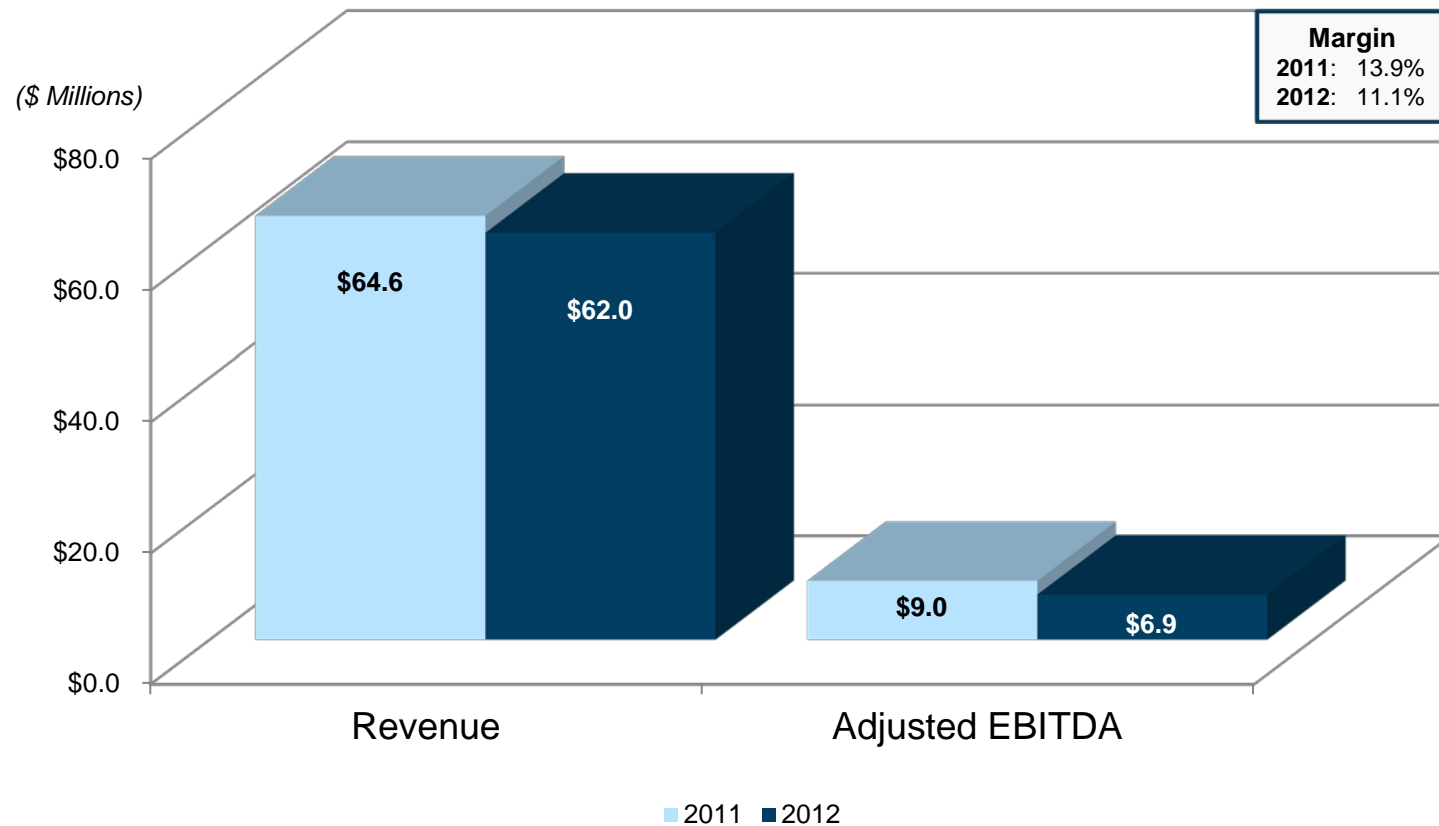
Domestic

Nine Months Ended March 31



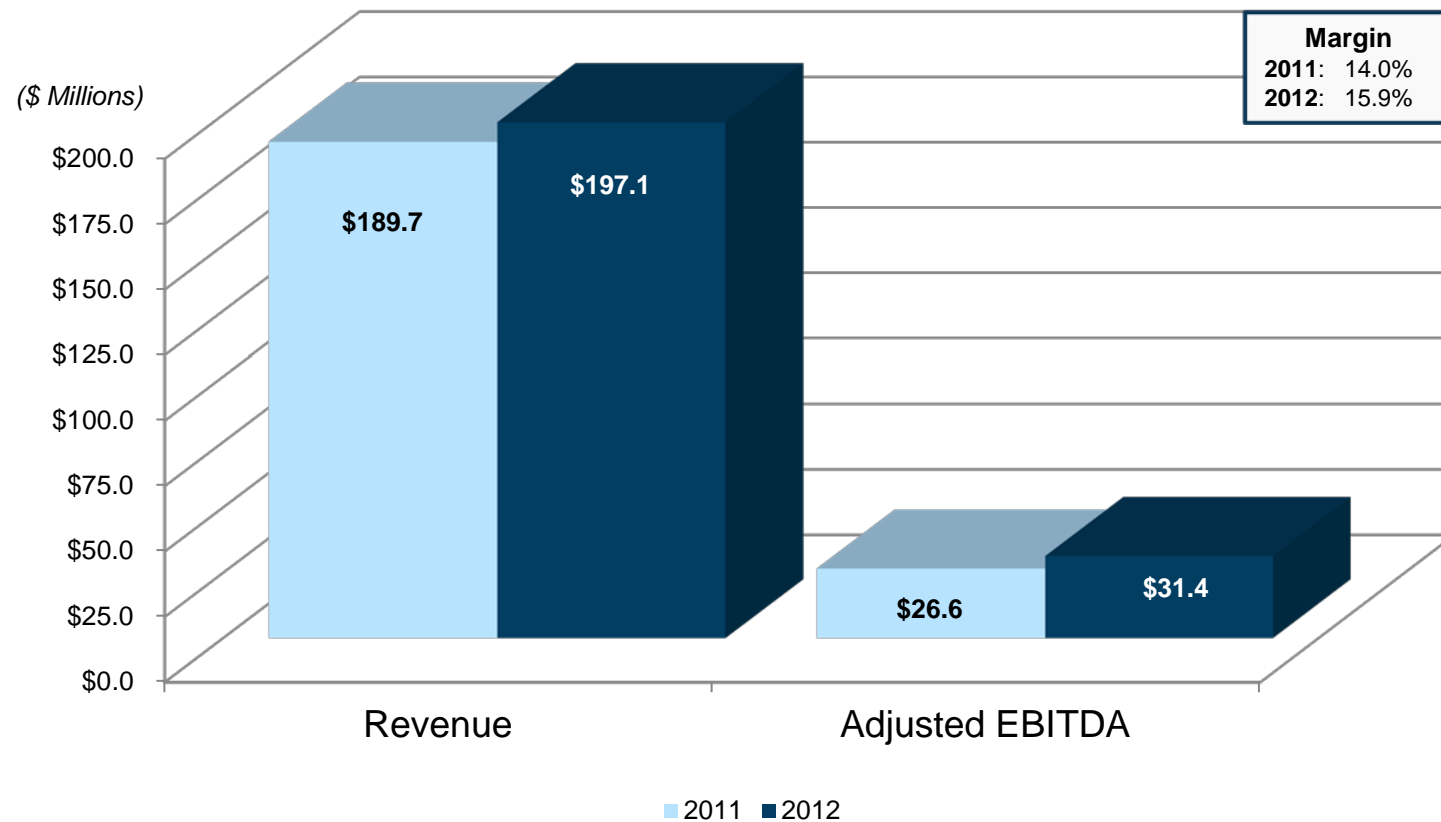
International

Three Months Ended March 31



International

Nine Months Ended March 31



Capital Expenditures

| (\$ Millions) | Nine Months Ended March 31, | | Change |
|--|--------------------------------|-----------------|---------|
| | 2012 | 2011 | |
| Pre-Publication Costs | \$ 130.7 | \$ 118.6 | 10.2% |
| Property, Equipment and Capitalized Software for Internal Use | <u>45.6</u> | <u>50.7</u> | (10.1%) |
| Capital Expenditures | <u>\$ 176.3</u> | <u>\$ 169.3</u> | 4.1% |

Net Indebtedness

| (\$ Millions) | March 31, | |
|---|-------------------|-------------------|
| | 2012 | 2011 |
| Senior Secured Credit Facilities: | | |
| Term Loan Due 2014 | \$ 3,285.2 | \$ 3,319.6 |
| Incremental Term Loan Due 2014 | 596.1 | 599.9 |
| Revolving Credit Facility (Maturity 2013) | 18.0 | - |
| 10.50% Senior Notes Due 2015 | 1,209.9 | 1,207.8 |
| 13.25% Senior Subordinated Discount Notes Due 2015 | 233.6 | 407.7 |
| 13.75% Senior PIK Notes Due 2015 | 127.0 | 136.0 |
| Indebtedness | 5,469.8 | 5,671.0 |
| Cash and Cash Equivalents | (23.0) | (69.2) |
| Net Indebtedness | <u>\$ 5,446.8</u> | <u>\$ 5,601.8</u> |
| Last Twelve Months Bank EBITDA ¹ | <u>\$ 843.1</u> | <u>\$ 843.2</u> |

¹ We calculate Bank EBITDA pursuant to the terms of our Credit Agreement.

Leverage Ratios

| | March 31, | |
|--|------------------|-------------|
| | 2012 | 2011 |
| Credit Agreement Threshold | 7.75 | 7.75 |
| Senior Secured Leverage Ratio¹ | 4.56 | 4.55 |
| Total Leverage Ratio² | 6.46 | 6.64 |

¹ We calculate Senior Secured Leverage Ratio pursuant to the terms of our Credit Agreement.

² Total Leverage Ratio is determined as a ratio of Net Indebtedness to Last Twelve Months Bank EBITDA (i.e., \$5,446.8/\$843.1 and \$5,601.8/\$843.2 for March 31, 2012 and 2011, respectively.)

Liquidity

| | March 31, | |
|--|-----------------|-----------------|
| | 2012 | 2011 |
| <i>(\$ Millions)</i> | | |
| Cash and Cash Equivalents | <u>\$ 23.0</u> | <u>\$ 69.2</u> |
| Revolving Credit Facility | \$ 300.0 | \$ 300.0 |
| Outstanding Letters of Credit | (2.6) | (3.3) |
| Outstanding Borrowings | <u>(18.0)</u> | <u>-</u> |
| Available under the Revolving Credit Facility | <u>\$ 279.4</u> | <u>\$ 296.7</u> |

| | Nine Months Ended | |
|---------------------------------|-------------------|----------|
| | March 31, | |
| | 2012 | 2011 |
| Unlevered Free Cash Flow | \$ 568.6 | \$ 506.4 |

Refinancing Transactions – April 10, 2012

We completed the previously announced amendment and extension of our Credit Agreement whereby we:

- ✿ Extended the maturity of \$1.3 billion of our existing Term Loan, net of a partial pay down, to July 2017
- ✿ Provided for new commitments to maintain the existing \$300 million of revolving credit facility availability until April 2017 resulting in a total extended and non-extended revolving credit facility of up to \$525 million until July 2013, \$300 million thereafter.

We also completed our previously announced private placement of \$725 million senior secured notes due in April 2020. These notes bear interest at a coupon rate of 11.5% and were issued at par. We used a portion of the proceeds from these notes to pay down \$489 million of the extended term loan.

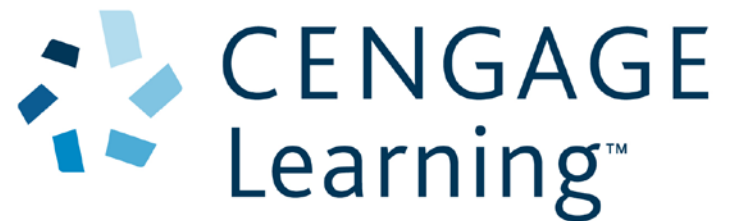
Pro Forma Debt

| <i>(\$ Millions)</i> | Pro Forma March 31, 2012 |
|--|-------------------------------------|
| Senior Secured Credit Facilities: | |
| Term Loan Due 2014 | \$ 1,539.2 |
| Incremental Term Loan Due 2014 | 550.4 |
| Term Loan Due 2017 | 1,303.6 |
| Revolving Credit Facility (Maturity 2013) | 18.0 |
| 11.50% Senior Secured Notes Due 2020 | 725.0 |
| 10.50% Senior Notes Due 2015 | 1,209.9 |
| 13.25% Senior Subordinated Discount Notes Due 2015 | 233.6 |
| 13.75% Senior PIK Notes Due 2015 | 127.0 |
| Indebtedness | 5,706.7 |
| Cash and Cash Equivalents | (220.7) |
| Net Indebtedness | \$ 5,486.0 |

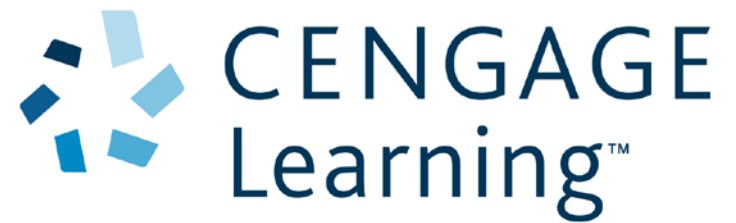
Pro Forma Liquidity

| | March 31, 2012 | |
|--|-----------------|-----------------|
| | Actual | Pro Forma |
| <i>(\$ Millions)</i> | | |
| Cash and Cash Equivalents | <u>\$ 23.0</u> | <u>\$ 220.7</u> |
| Revolving Credit Facility (Maturity 2013) | \$ 300.0 | \$ 225.0 |
| Revolving Credit Facility (Maturity 2017) | - | 300.0 |
| Outstanding Letters of Credit | (2.6) | (2.6) |
| Outstanding Borrowings | <u>(18.0)</u> | <u>(18.0)</u> |
| Available Under the Revolving Credit Facility | <u>\$ 279.4</u> | <u>\$ 504.4</u> |
| Total Available Liquidity | <u>\$ 302.4</u> | <u>\$ 725.1</u> |

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 (income) 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 our ongoing 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 15, “Segment Information” of our Third Quarter Report for the Three and Nine Months Ended March 31, 2012.

“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, reduced for cash expenditures relating to additions to pre-publication costs and additions to property, equipment and capitalized software for internal use, which we view as investments required to ensure the sustainability and continued growth of our business. We believe that this liquidity measure provides a clearer picture of the cash flow produced and reinvested by the ongoing business, before debt service.

“Bank 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 Bank EBITDA pursuant to the terms of our Credit Agreement.

Adjusted EBITDA Reconciliation

| (\$ Millions) | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|--|---------------------------------|------------------|--------------------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Adjusted EBITDA | \$ 70.4 | \$ 89.7 | \$ 594.2 | \$ 578.9 |
| Less: | | | | |
| Amortization of Pre-Publication Costs | (27.0) | (30.3) | (118.2) | (103.1) |
| Restructuring Charges | - | - | - | (3.4) |
| Depreciation | (14.6) | (12.3) | (40.7) | (34.0) |
| Amortization of Identifiable Intangible Assets | (41.1) | (41.9) | (123.2) | (125.8) |
| Gain on Early Extinguishment of Debt | - | - | 42.2 | 1.9 |
| Mark-to-Market of Derivative Instruments | 4.3 | 16.7 | 17.0 | 46.2 |
| Interest Expense, Net | (102.9) | (118.4) | (305.7) | (362.6) |
| Benefit from (Provision for) Income Taxes | 4.0 | 2.0 | (12.0) | (6.2) |
| Equity Losses of Affiliates, Net of Taxes | (1.3) | (1.0) | (3.6) | (2.0) |
| Loss from Discontinued Operations, Net of Tax | - | - | - | (3.8) |
| Net (Loss) Income | <u>\$ (108.2)</u> | <u>\$ (95.5)</u> | <u>\$ 50.0</u> | <u>\$ (13.9)</u> |

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 and presented in our Third Quarter Report for the Three and Nine Months Ended March 31, 2012.

Comparable Adjusted EBITDA Reconciliation

| | Three Months Ended March 31, 2012 | |
|--|--------------------------------------|----------|
| | Consolidated | Domestic |
| (\$ Millions) | | |
| Adjusted EBITDA, as Reported ¹ | \$ 70.4 | \$ 66.9 |
| Adjusted EBITDA Margin | 20.9% | 24.3% |

| | Three Months Ended March 31, 2011 | |
|--|--------------------------------------|----------------|
| | Consolidated | Domestic |
| Adjusted EBITDA, as Reported ¹ | \$ 89.7 | \$ 85.4 |
| Reversal of Net Domestic Incentives Credit ² | (12.2) | (12.2) |
| Domestic Incentive Compensation Expense, Net ³ | (13.5) | (13.5) |
| Adjusted EBITDA - Comparable Basis | <u>\$ 64.0</u> | <u>\$ 59.7</u> |
| Adjusted EBITDA Margin | 20.1% | 23.5% |

| | | |
|-----------------|-------|-------|
| % Growth | 10.0% | 12.1% |
|-----------------|-------|-------|

¹ The aggregate of our two segments' Adjusted EBITDA does not equal our total Adjusted EBITDA because our segment profit measure of Adjusted EBITDA excludes equity-based compensation, fees paid to our Sponsors under advisory agreements and other corporate-related expenses.

² Comprised of \$15.5 million credit associated with domestic management and sales force annual incentive plans, less \$3.3 million expense for other discrete and role-based incentive arrangements.

³ Amount matched to third quarter 2012 actual expense to illustrate comparable results.

Unlevered Free Cash Flow Reconciliation

| | Nine Months Ended March 31, | |
|---|--------------------------------|-----------------|
| | 2012 | 2011 |
| <i>(\$ Millions)</i> | | |
| Net Cash Provided by Operating Activities of Continuing Operations | \$ 391.9 | \$ 330.2 |
| Add Back: | | |
| Net Cash Interest Paid | 318.0 | 341.1 |
| Repayments of Long-Term Debt, in Lieu of Interest | 35.0 | 4.4 |
| Additions to Pre-Publication Costs | (130.7) | (118.6) |
| Additions to Property, Equipment and Capitalized Software for Internal Use | <u>(45.6)</u> | <u>(50.7)</u> |
| Unlevered Free Cash Flow | <u>\$ 568.6</u> | <u>\$ 506.4</u> |

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 and presented in our Third Quarter Report for the Three and Nine Months Ended March 31, 2012.

Bank EBITDA Reconciliation

| | Twelve Months Ended March 31, 2012 |
|--|---|
| Net income | \$ 27.2 |
| Adjustments: | |
| Provision for Income Taxes | 43.5 |
| Interest Expense | 424.1 |
| Interest Income | (0.5) |
| Mark-to-Market of Derivative Instruments | (34.3) |
| Gain on Early Extinguishment of Debt | (42.2) |
| Amortization of Identifiable Intangible Assets | 164.9 |
| Depreciation | 54.0 |
| Amortization of Pre-Publication Costs | 157.3 |
| Non-Cash Equity-Based Compensation | 5.3 |
| Sponsor Management Fee | 10.7 |
| Pro Forma Run Rate Cost Savings | 4.2 |
| Pro Forma EBITDA from Acquisitions | 14.7 |
| Restructuring, Integration and Business Optimization Expenses | 7.9 |
| Other | 6.3 |
| Bank EBITDA | <u>\$ 843.1</u> |

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 and presented in our Third Quarter Report for the Three and Nine Months Ended March 31, 2012.