Cengage Learning Announces Estimated Third Quarter 2012 Results

Stamford, CT – April 2, 2012 – Cengage Learning Holdings II LP (“Cengage Learning”), today announced its preliminary estimates for the third quarter ended March 31, 2012:

Revenue for the third quarter 2012 is estimated to be between $335 million and $340 million as compared to $319 million for the same period in the prior year. Excluding National Geographic School Publishing (“NGSP”), acquired on August 1, 2011, revenue for the third quarter 2012 is estimated to be between $325 million and $330 million driven by growth in the higher education market. Domestic Learning revenue, excluding NGSP, is estimated to be $205 million to $210 million, as compared to $194 million for the same period in the prior year.

Adjusted EBITDA for the third quarter 2012 is estimated to be between $67 million and $72 million. The prior year third quarter Adjusted EBITDA of $89.7 million did not include an accrual for incentive compensation, but did include a credit related to a reversal of an accrual for incentive compensation accrued during the first half of fiscal 2011. On a comparable basis to this year’s third quarter, Adjusted EBITDA for the third quarter of the prior year would have been $65 million.

Excluding NGSP, Adjusted EBITDA for the third quarter 2012 is estimated to be between $70 million and $75 million. Adjusted EBITDA for NGSP is negative for the quarter primarily due to seasonality as well as one-time costs related to achieving synergies from the integration of NGSP into Cengage Learning.

For the last twelve months ended March 31, 2012, Covenant EBITDA is estimated to be approximately $845 million.

Our financial statements for the quarter ending March 31, 2012 are not yet available. The financial data presented above are preliminary, based upon our estimates and are subject to revision based upon our financial closing procedures and the completion of our financial statements. All of the data presented above have been prepared by and are the responsibility of management. Our independent accountants, PricewaterhouseCoopers LLP, have not audited, reviewed, compiled or performed any procedures, and do not express an opinion or any other form of assurance with respect to any of such data.
About Cengage Learning
Cengage Learning is a leading provider of innovative teaching, learning and research solutions for the academic, professional and library markets worldwide. The company's products and services are designed to foster academic excellence and professional development, increase student engagement, improve learning outcomes and deliver authoritative information to people whenever and wherever they need it. Through the company's unique position within both the library and academic markets, Cengage Learning is providing integrated learning solutions that bridge from the library to the classroom. Cengage Learning's brands include Brooks/Cole, Course Technology, Delmar, Gale, Heinle, South-Western and Wadsworth, among others. Cengage Learning is headquartered in Stamford, CT. For more information on Cengage Learning please visit www.cengage.com.

Forward-Looking Statements
This press release includes certain disclosures which contain “forward-looking statements.” You can identify forward-looking statements because they contain words such as “expects.” Forward-looking statements are based on Cengage Learning’s current expectations and assumptions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in our Second Quarter Report for the three and six months ended December 31, 2011 under the caption “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995."

“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. Adjusted EBITDA is a non-GAAP financial measure. 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. However, this and other 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.

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