CURRENT REPORT

Pursuant to Section 4.02(a)(iii) of the
Indenture dated June 7, 2016, governing the
9.500% Senior Notes due 2024 of CENGAGE LEARNING, INC.

Date of report: April 25, 2019

CENGAGE LEARNING, INC.

Cengage Learning, Inc.
20 Channel Center Street
Boston, Massachusetts 02210
Attention: General Counsel
Fax: (617) 289-7844

(617) 289-7700
(Telephone number, including area code)
CURRENT REPORT
Pursuant to the Company Shareholder Agreement, dated as of March 31, 2014 and consistent with Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: April 25, 2019

CENGAGE LEARNING HOLDINGS II, INC.
20 Channel Center Street
Boston, Massachusetts 02210
Item 7.01. Regulation FD Disclosure

On April 25, 2019, Cengage Learning, Inc. (the “Company”) issued a press release, a copy of which is attached as Exhibit 99.1 to this current report.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Cengage Unlimited’s First Full Academic Year Shows Significant Success with Students, Drives Company’s Full Year Financial Performance

BOSTON April 25, 2019 - Cengage, an education and technology company, today provided an update on the progress of Cengage Unlimited, the industry’s first full access subscription service for textbooks and course materials, and previewed its preliminary financial results for the 2019 fiscal year.

“We will report our final results in mid-to-late May, yet I am pleased to share that we accomplished our main strategic objective – the launch of Cengage Unlimited – and, as a result, exceeded our financial guidance for the year,” said Michael Hansen, CEO, Cengage. “Despite another turbulent year for the industry at large, we outperformed our competitors and improved the performance of our Higher Ed business. We were able to make significant investments in our strategic priorities while also generating positive free cash flow, thereby positioning ourselves for future growth.

“The commercial availability of Cengage Unlimited accelerated our digital transformation and proved that it’s possible for a longstanding incumbent to address customers’ needs for significantly enhanced value and user experience through pioneering new services,” Hansen continued. “Students are willing to embrace change if they believe there’s value in it. In just eight months, more than one million subscriptions were purchased, saving students more than $60 million.”

Cengage Unlimited’s all-access subscription service for textbooks and course materials includes unlimited access to more than 22,000 digital course materials, including eBooks, online homework and study guides. A subscription also includes free services like Chegg, Kaplan Test Prep, Quizlet and the Evernote note-taking app.

The accelerating traction in Cengage Unlimited through the academic year, combined with a strong Q4 performance, enabled Cengage to deliver full year Adjusted Cash Revenue of $1,474 million, flat against prior year, and Adjusted Cash EBITDA less Prepub of $291 million. The Q4 performance was underpinned by continuing momentum in Cengage Unlimited, double digit revenue growth in International and a non-recurring software license sale. Revenue achievement coupled with continued cost improvements delivered earnings ahead of guidance for the full year.

Preliminary Fiscal 2019 Highlights:

- Adjusted Cash Revenue of $1,474 million, flat vs Prior year, and Adjusted Cash EBITDA less Prepub of $291 million versus guidance of $275 million
- Launched Cengage Unlimited, with over 1 million subscriptions sold since August 2018
• Gained 65 basis points of market share in US Higher Education\(^1\) and grew courseware activations by over 15%
• Initiated a company-wide transformation project to drive operational productivity
• Strong liquidity position of $440 million and net leverage ratio of 6.6X

For more information about Cengage Unlimited, please visit [www.cengage.com/unlimited](http://www.cengage.com/unlimited).

**Cautionary Note Regarding Preliminary Financial Results for 2019 Fiscal Year and Non-GAAP Financial Measures**

The expected 2019 fiscal year financial results are preliminary, unaudited and subject to completion. We caution that the preliminary financial results for the 2019 fiscal year are not guarantees of future performance or outcomes and that actual results may differ materially from those described above. Such preliminary results are subject to the closing of the 2019 fiscal year and finalization of accounting and reporting procedures, which have yet to be performed, and should not be viewed as a substitute for full 2019 fiscal year financial statements prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”). Cengage will report its full audited Fiscal 2019 Fourth Quarter and Full-Year (Ended March 31, 2019) results in mid to late May. For more information and call information, visit: [www.cengage.com/investor](http://www.cengage.com/investor). This release contains Non-GAAP financial measures. See end of release for a definition of these Non-GAAP financial measures and rationale for their use.

**About Cengage**

Cengage is the education and technology company built for learners. As the largest US-based provider of teaching and learning materials for higher education, we offer valuable options at affordable price points. Our industry-leading initiatives include Cengage Unlimited, the first-of-its-kind all-access digital subscription service. We embrace innovation to create learning experiences that build confidence and momentum toward the future students want. Headquartered in Boston, Cengage also serves K-12, library and workforce training markets around the world. Visit us at [www.cengage.com](http://www.cengage.com) or find us on [Facebook](http://Facebook) or [Twitter](http://Twitter).

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\(^1\) Source: MPI net sales data for twelve months ending March 31, 2019
**Non-GAAP Financial Measures**

This release contains certain non-GAAP financial measures as the company believes these provide useful information for evaluating its business performance. These non-GAAP measures are on a constant currency basis whereby the Company converts current period and prior period amounts from local currency to U.S. dollars using standard internal currency exchange rates held constant for each year. The company believes that these performance measures provide management and investors with a meaningful basis for reviewing the results of its operations by eliminating the effects of financing decisions as well as excluding the impact of activities not related to our ongoing operations. However, these measures should be viewed in addition to, and not as a substitute for, the Company’s reported results prepared in accordance with GAAP.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Adjusted Revenue</strong></td>
<td>This measure is defined as revenues before the impact of changes in foreign currency exchange rates.</td>
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<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>This measure is defined as net income (loss) before: (benefit from) provision for income taxes; reorganization items, net; interest expense, net; loss on early extinguishment of debt, net; other (income) expense, net, in operating income (loss); amortization of identifiable intangible assets; depreciation; operational restructuring and other charges, net; amortization of prepublication costs; other income (expense), net, below operating income (loss); equity-based compensation expense and non-core other operating expenses. This measure also removes the impact of changes in foreign currency exchange rates on the items noted above.</td>
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<tr>
<td><strong>Adjusted EBITDA less Prepub</strong></td>
<td>This measure reflects Adjusted EBITDA less the impact of additions to prepublication costs (or “Prepub”) on an accrual basis, which are costs incurred prior to the publication date of a title or release date of a product and represent activities associated with product development including, but not limited to, editorial review and fact verification, graphic art design and layout and the process of conversion from print to digital media or within various formats of digital media. In addition, Prepub includes the cost to procure perpetual rights for the use of content which have been developed by third parties and are to be included in our products. Costs are capitalized when the title is expected to generate probable future economic benefits and are amortized upon publication of the title over its estimated useful life.</td>
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<tr>
<td><strong>Adjusted Cash Revenue, Adjusted Cash EBITDA less Prepub</strong></td>
<td>These measures remove the net impact of the deferral of revenue and the non-cash recognition of deferred revenue on sales of strategic digital products from the respective non-GAAP measures, as defined above. Adjusted Cash EBITDA less Prepub also removes the impact of the associated deferred costs on these strategic digital products. Full payment for strategic digital products is normally collected close to the time of sale whereas revenue from such arrangements is deferred and subsequently recognized ratably over the term of the customer contract.</td>
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