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 First Quarter Report for the Three Months Ended September 30, 2011 and the “Risk Factors” section of the Annual Report for the Fiscal Year Ended June 30, 2011. 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. Please see the Company’s First Quarter Report for the Three Months Ended September 30, 2011 for a definition of these measures and reconciliations to the most directly comparable financial measures prepared in accordance with GAAP.

This presentation also contains discussions of gross sales measures 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.
Topics for Today

- Cengage Learning Overview
- Industry/Market Overview
- Digital Solutions
- First Quarter 2012
- Q&A
Who We Are

- Leading provider of teaching, learning and research solutions in digital, print and hybrid forms

**LIFELONG LEARNING**
- 2- and 4-year Colleges and Universities
- Private/For Profit Colleges
- Professional Training & Continuing Education
- Elementary and High School

**RESEARCH (Libraries)**
- Academic
- School
- Public
- Government

- Annual revenue: ~$2 billion
- 5,500 employees
- Global with operations in more than 20 countries
1. Lead the migration to digital solutions
2. Demonstrate improved learning through superior outcomes
3. Leverage our core business to drive international growth
The U.S. Higher Education Market

**PUBLISHING**
- Instructional Materials
  - Pearson
  - Cengage Learning
  - McGraw-Hill
  - Wiley

**DISTRIBUTION**
- Physical and digital distribution of content to students
  - Follett
  - Barnes & Noble
  - CourseSmart
  - Chegg

**SERVICES**
- Solutions to facilitate student and instructor workflow
  - Compass/Embanet
  - Bisk
  - Plato

**TECHNOLOGY**
- LMS and technology platforms to support content delivery
  - Blackboard
  - SunGard/Datatel

**ASSESSMENT**
- Services to track student progress and help with school/career placement
  - ETS
  - Princeton Review

**FOR–PROFIT EDUCATION**
- Full-service distance and local for-profit colleges and universities
  - Apollo Group (University of Phoenix)
  - Career Education
  - Corinthian Colleges
  - Kaplan
Traditional Market Segmentation Is Blurring – Recent Examples

Core Business

Expansions
An Accelerated Shift to Digital is Underway

For the twelve months ended September 30, 2011:

- Revenue from digital solutions reached nearly 35% of total revenue
- Revenue from Curriculum Solutions grew 32%
- Revenue from Custom digital solutions grew 24%
- Over 3.1 million students activated a Curriculum Solution (up 27%)
- Students conducted over 70 million online sessions (up 25%)
86% of students believe that technology improves their academic engagement and learning outcomes.

Source: Eduventures Survey
75% of surveyed instructors think that student engagement has improved as the use of digital tools has increased

AND

87% of those instructors believe that learning outcomes have improved as well

Source: Eduventures Survey
Instructors Increasingly Prefer Digital

Source: Eduventures Survey
Our Digital Transformation

We started with leading textbook franchises, encyclopedias, and primary source documents.

Over time, we migrated to eBooks and digital products, making our assets 100% digital and portable.

We have integrated applications, customized and focused on improving outcomes, bundled with services.

And now, a new platform well beyond an eBook, a homework solution or digital supplement or a LMS.
What is MindTap?

It is a Personal Learning Experience

*Not just an eBook, Homework, Assessment, Resource Supplement or Learning Management System*

- Fully integrated digital platform, content and services
- Cloud – based
- Apps delivery
- Device independent
### MindTap Targets Growing Digital Segments

#### US Higher Education

<table>
<thead>
<tr>
<th>Segment</th>
<th>Current Size</th>
<th>Estimated Size in 5 Years</th>
<th>Implied CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>eBooks</td>
<td>$0.2B (3%)</td>
<td>$1.0B (10%)</td>
<td>37%</td>
</tr>
<tr>
<td>Value-added Digital Solutions</td>
<td>$0.9B (11%)</td>
<td>$2.9B (30%)</td>
<td>31%</td>
</tr>
<tr>
<td>Print Only</td>
<td>$7.3B (85%)</td>
<td>$5.9B (60%)</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Source: Simba Information
**Significant Business Developments**

- **Acquisition of National Geographic School Publishing (NGSP)**
  - Strengthens Cengage Learning’s position in the growing global English Language Teaching (ELT) sector
  - Allows us to leverage “National Geographic” brand and content across all products and markets

- **Partnerships with Learning Management Systems (LMS) Providers**
  - Partnerships announced with Blackboard, Moodlerooms, Desire2Learn and Sakai
  - Full interoperability of our digital solutions within LMS
  - Improved customer experience
Consolidated Revenue

First Quarter 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$641.8</td>
</tr>
<tr>
<td>2012</td>
<td>$691.9</td>
</tr>
</tbody>
</table>
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.
First Quarter 2012

Domestic Revenue

$ Millions

2010: $582.9
2011: $627.5
Domestic Adjusted EBITDA

$ Millions

2010: $316.0
2011: $345.4

Margin
2011: 54.2%
2012: 55.0%
International Revenue

$ Millions

$58.9  $64.4

2011  2012
First Quarter 2012

International Adjusted EBITDA

$ Millions

$7.6  $8.5

2011:  12.9%
2012:  13.2%

Margin

2011  2012
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 1,926.0</td>
<td>$ 1,875.9</td>
<td>$ 1,965.6</td>
</tr>
<tr>
<td><strong>Ex. NGSP(^1)</strong></td>
<td>$ 1,897.5</td>
<td>$ 1,875.9</td>
<td>$ 1,965.6</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$ 810.4</td>
<td>$ 780.4</td>
<td>$ 802.9</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>42.1%</td>
<td>41.6%</td>
<td>40.8%</td>
</tr>
</tbody>
</table>

\(^1\) NGSP refers to our acquisition of National Geographic Society’s School Publishing Unit.
## Liquidity

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>September 30, 2011</th>
<th>September 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 40.9</td>
<td>$ 66.3</td>
</tr>
<tr>
<td>Revolving Credit Facility</td>
<td>$ 300.0</td>
<td>$ 300.0</td>
</tr>
<tr>
<td>Outstanding Letters of Credit</td>
<td>(2.6)</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Outstanding Borrowings</td>
<td>(130.0)</td>
<td>-</td>
</tr>
<tr>
<td>Available under the Revolving Credit Facility</td>
<td>$ 167.4</td>
<td>$ 293.7</td>
</tr>
</tbody>
</table>
## Capital Expenditures

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>2011</th>
<th>2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-publication costs</td>
<td>$ 37.4</td>
<td>$ 34.2</td>
<td>9.4%</td>
</tr>
<tr>
<td>Property, equipment and capitalized software for internal use</td>
<td>12.3</td>
<td>14.4</td>
<td>-14.6%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$ 49.7</td>
<td>$ 48.6</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
### Net Indebtedness

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2011</th>
<th>September 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>($ Millions)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Loan</td>
<td>$ 3,302.4</td>
<td>$ 3,336.8</td>
</tr>
<tr>
<td>Incremental Term Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving Credit Facility</td>
<td>130.0</td>
<td>-</td>
</tr>
<tr>
<td>10.50% Senior Notes due 2015</td>
<td>1,208.9</td>
<td>1,206.9</td>
</tr>
<tr>
<td>13.25% Senior Subordinated Discount</td>
<td>233.6</td>
<td>407.7</td>
</tr>
<tr>
<td>13.75% Senior PIK Notes due 2015</td>
<td></td>
<td>127.0</td>
</tr>
<tr>
<td>Indebtedness</td>
<td>$ 5,599.9</td>
<td>$ 5,680.3</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(40.9)</td>
<td>(66.3)</td>
</tr>
<tr>
<td>Net Indebtedness</td>
<td>$ 5,559.0</td>
<td>$ 5,614.0</td>
</tr>
<tr>
<td>Last Twelve Months Bank EBITDA&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$ 848.6</td>
<td>$ 838.3</td>
</tr>
</tbody>
</table>

---

<sup>1</sup> We calculate Bank EBITDA pursuant to the terms of our Credit Agreement.
**Fiscal 2012 First Quarter**

### Leverage Ratios

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Agreement Threshold</td>
<td>7.75</td>
</tr>
<tr>
<td>Senior Secured Leverage Ratio&lt;sup&gt;1&lt;/sup&gt;</td>
<td>4.66</td>
</tr>
<tr>
<td>Total Leverage Ratio&lt;sup&gt;2&lt;/sup&gt;</td>
<td>6.55</td>
</tr>
</tbody>
</table>

---

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

<sup>2</sup> Total Leverage Ratio is determined as the ratio of Net Indebtedness to Last Twelve Months Bank EBITDA (i.e., $5,559.0 / $848.6).