Entry into a Material Definitive Agreement and Creation of a Direct Financial Obligation

Cengage Learning Acquisitions, Inc. (“Cengage Learning”), a Delaware corporation and an indirect, wholly-owned subsidiary of Cengage Learning Holdings II, L.P., today announced that it completed its previously announced amendment and extension (the “A&E”) of its Credit Agreement, dated as of July 5, 2007 (as amended by the Incremental Amendment, dated as of May 30, 2008), among Cengage Learning, the guarantors party thereto, the lending institutions from time to time party thereto and JPMorgan Chase Bank, N.A. (as successor administrative agent, collateral agent and swing line lender to The Royal Bank of Scotland plc), as administrative agent (as amended, the “Credit Agreement”). Among other things, the A&E:

- extended the maturity date of $1,295 million of its existing term loan B loans (the “2017 Term Loan B”) under its senior secured term loan facility to July 2017, net of any partial par paydown;
- extended the maturity date of the commitments of consenting revolving lenders under its senior secured revolving credit facility to April 2017; and
- provided for new commitments to maintain the existing $300 million of revolving credit availability until April 2017 (resulting in total extended and non-extending revolving credit commitments of up to approximately $525 million from April 10, 2012 until July 2013),

in each case subject to certain conditions described in the Credit Agreement.

Following the effectiveness of the A&E and partial par paydown of the 2017 Term Loan B as described below, Cengage Learning’s senior secured credit facilities consist of (i) an approximately $3,402 million senior secured term loan facility, comprised of a term loan B maturing in July 2014, approximately $2,107 million of which is outstanding, and the 2017 Term Loan B, approximately $1,295 million of which is outstanding and (ii) an approximately $525 million senior secured revolving credit facility, approximately $225 million of which will mature in July 2013 and $300 million of which will mature in April 2017.

On April 10, 2012, Cengage Learning also completed its previously announced private placement of $725 million aggregate principal amount of 11.50% senior secured notes due 2020 (the “Notes”) pursuant to an indenture, dated as of April 10, 2012, by and among Cengage Learning, the guarantors party thereto and The Bank of New York Mellon, as trustee and collateral agent. Cengage Learning used a portion of the net proceeds from the offering of the Notes to repay approximately $485 million of the 2017 Term Loan B in connection with the A&E. Cengage Learning will initially seek to use the remaining net proceeds to repurchase or otherwise repay existing first lien debt in market or negotiated transactions as permitted by the terms of its senior secured credit facilities, but if it is unable to do so, it may use the remaining net proceeds for general corporate purposes, which may include repurchases of its existing unsecured notes.
The Notes were offered only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act.

Investment funds advised by affiliates of Apax, Cengage Learning’s sponsor, purchased an aggregate of approximately $10 million of the Notes.

The Notes have not been, and will not be, registered under the Securities Act, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.