CENGAGE LEARNING HOLDINGS II, INC.
20 Channel Center Street
Boston, Massachusetts 02210

Item 7.01. Regulation FD Disclosure


A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

An investor presentation containing additional information relating to the proposed transaction is included as Exhibit 99.2 to this Current Report on Form 8-K.

Cengage is furnishing the information in this Current Report to comply with Regulation FD.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

99.1 Press Release, dated as of May 1, 2019
99.2 Investor Presentation, dated as of May 1, 2019
CENGAGE AND MCGRAW-HILL TO MERGE, PROVIDING STUDENTS WITH MORE AFFORDABLE ACCESS TO SUPERIOR COURSE MATERIALS AND PLATFORMS

New company to positively impact the lives of millions of students globally

Accelerating and expanding affordability initiatives for college students in the U.S.

Expands access to a broader portfolio of high-quality learning materials and technology platforms

Creates operational scale to invest in digital transformation and advanced learning science

NEW YORK and BOSTON – May 1, 2019—McGraw-Hill and Cengage today announced that they have entered into a definitive agreement to combine in an all-stock merger on equal terms. The transaction, which has been unanimously approved by the Boards of Directors of both companies, will bring together two premier learning companies that will deliver significant benefits for students, educators, professionals and institutions worldwide.

“The new company will offer a broad range of best-in-class content – delivered through digital platforms at an affordable price,” said Michael E. Hansen, CEO of Cengage. “Together, we will usher in an era in which all students can afford the quality learning materials needed to succeed – regardless of their socioeconomic status or the institution they attend. Additionally, the combined company will have robust financial strength to invest in next-generation products, technology and services that create superior experiences and value for millions of students.”

“For more than a century, our goal has been to unlock the potential of each learner and improve lives through education,” said Nana Banerjee, President and CEO of McGraw-Hill. “Combining our two companies and our complementary offerings will enable us to continue innovating. In this way we can continue to empower students and educators around the world with a wide choice of affordable, engaging course materials and advanced digital platforms to help them succeed throughout a lifetime of learning.”

Cengage and McGraw-Hill are two organizations with complementary missions, capabilities and talent. Both have long-established offices and powerful brands in more than 100 countries and serve educators and students in K-12, Higher Education, English Language Teaching, Professional, Medical and Library Reference markets. Together, the new company will be even better positioned to create new, locally impactful products that use leading educational technology to improve learning experiences and outcomes.

Cengage is well-known for its focus on students and affordable access to quality learning. The company’s recently launched subscription service for U.S. college students, Cengage Unlimited, has already saved students more than $60 million during the 2018-19 academic year alone. The subscription service offers unlimited access to more than 22,000 eBooks, online homework access codes and study guides, with low-cost print rentals available. A subscription also includes free access to Chegg Tutoring, Kaplan Test Prep, Quizlet, and Evernote’s note-taking app.

McGraw-Hill is a global leader in learning science and adaptive learning solutions with its award-winning McGraw-Hill ALEKS and McGraw-Hill Connect offerings. The company’s initiatives to lower costs for U.S. college students and increase student achievement – such as its Inclusive Access program, which provides college students with low-cost digital materials on the first day of class – saved students well over $55 million in 2018. McGraw-Hill brings partnerships with more than 14,000 authors and educators in numerous fields of study.
DELIVERING MORE VALUE TO STUDENTS AND EDUCATORS – TOGETHER

Expands Access to **Best-in-Class Content**:
- The combined company will feature more than 44,000 titles from leading academics and experts, representing proven approaches to teach a wide variety of subjects.
- PreK-12th grade educators will benefit from the combination of McGraw-Hill’s full portfolio of literacy, math, science and humanities curricula, and best-in-class adaptive technologies, with Cengage Advanced Placement offerings.

Enhances Learning Experiences through **Proven Digital Platforms**:
- The combined company will offer proven digital platforms and create better user experiences for all students globally, delivering seamless integration with other platforms, tools and applications.

Strengthens Commitment to **More Affordable Options**:
- Both parties maintain their commitment to high quality affordable solutions for U.S. college students. This includes a commitment to continuing and growing their Inclusive Access and Unlimited programs, with an opportunity to combine content and broaden the program offerings upon approval of the merger.
- The combined company will target cost synergies estimated at $300 million over the next three years. This will unlock additional resources to increase value for students and educators by investing in areas such as adaptive learning, artificial intelligence, gamification and model-based testing tools.

Delivers **Superior Experience and Value**:
- With a focus on best-in-class content, proven digital platforms and affordability, the new company will be well-positioned to deliver superior experiences and greater value for students, educators and professionals.
- The combined company’s learning platforms will better equip educators with advanced analytics to act earlier and enable students to achieve their full potential.

THE COMBINED COMPANY
The parties anticipate that the combined company will be named McGraw Hill, with details to be finalized prior to closing. The company will be led by Michael E. Hansen, currently CEO of Cengage. Nana Banerjee, who played a key role in facilitating the agreement to merge and in negotiating the material terms of the transaction, will continue to lead McGraw-Hill through the transition. The combined company’s leadership team is expected to be comprised of members from both McGraw-Hill and Cengage and will be announced prior to close.
Based on the financial statements of Cengage and McGraw-Hill for the twelve months ending March 31, 2019, the combined company would have pro forma cash revenue of $3,157 million and cash EBITDA less Prepub of $889 million including the pro forma impact of $300 million of cost synergies.

The transaction is expected to close by early 2020, subject to customary closing conditions, including receipt of regulatory approvals.

For more information, please visit BetterLearningTogether.com.

Joint Conference Call and Webcast Details
Cengage and McGraw-Hill will conduct a live conference call and webcast today at 8:30 a.m. ET. The webcast of the conference call can be found here with related slides available on each company’s website. To join the call via phone, please dial (877) 407-9208 (domestic) and (201) 493-6784 (international).

The conference will also be available for replay through the McGraw-Hill and Cengage websites, or at (844) 512-2921 (domestic) and (412) 317-6671 (international) through May 15, 2019. The replay ID is 13690450.

About Cengage
Cengage is the education and technology company built for learners. We offer valuable options at affordable price points, including our industry-leading initiative Cengage Unlimited, the first-of-its-kind all-access digital subscription service for higher education. 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 or find us on Facebook, Instagram, LinkedIn or Twitter.

About McGraw-Hill
McGraw-Hill is a learning science company that delivers personalized learning experiences that help students, parents, educators and professionals drive results. We focus on educational equity, affordability and learning success to help learners build better lives. Headquartered in New York City, McGraw-Hill has offices across North America, Asia, Australia, Europe, the Middle East and South America, and makes its learning solutions for PreK-12, higher education, professionals and others available in more than 75 languages. Visit us at https://www.mheducation.com/ or find us on Facebook, Instagram, LinkedIn or Twitter.

Cautionary Note Regarding Forward-Looking Statements
This press release contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “will” and similar references to future periods. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the parties' current beliefs, expectations and assumptions regarding the future of the parties’ business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the parties' control. These risks include the risk that the transaction may not be completed in a timely manner or at all, which may adversely affect Cengage's and/or McGraw-Hill’s businesses; the failure to satisfy the conditions to the consummation of the transaction; the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; the effect of the announcement or pendency of the transaction on Cengage’s and/or McGraw-Hill’s business relationships, operating results and business generally; the risk that the proposed transaction may disrupt current plans and operations and the potential difficulties in employee retention as a result of the transaction; the risk that management's attention may be diverted from Cengage’s and/or McGraw-Hill's ongoing business operations, as applicable; and the outcome of any legal proceedings that may be instituted against the parties related to the merger agreement.
or the transaction. You should consider these factors, as well as other factors that are outlined in the “Risk Factors” section of Cengage’s FY18 Annual Report for the period ended March 31, 2018 and the “Special Note Regarding Forward-Looking Statements” section of the same report, as well as the other factor that are outlined in the “Risk Factors” section of McGraw-Hill’s FY18 Annual Report for the period ended December 31, 2018 and the “Special Note Regarding Forward-Looking Statements” in the same report, both located on the respective company’s website. Cengage’s FY19 Annual Report will be posted to the Company website later in May 2019. Any forward-looking statement made by the parties in this press release is based only on information currently available to the parties and speaks only as of the date on which it is made. The parties undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

**Media Contacts**

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Susan.Aspey@cengage.com, 202.695.6012

McGraw-Hill: Catherine Mathis, Chief Communications Officer
Catherine.Mathis@mheducation.com, 646.858.8182

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# # #
Cengage & McGraw-Hill Merger Announcement

Providing Students with More Affordable Access to Superior Course Materials and Platforms

May 1, 2019
Cautionary Note Regarding Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “will” and similar references to future periods. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the parties’ current beliefs, expectations and assumptions regarding the future of the parties’ business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the parties’ control. These risks include the risk that the transaction may not be completed in a timely manner or at all, which may adversely affect Cengage’s and/or McGraw-Hill’s businesses; the failure to satisfy the conditions to the consummation of the transaction; the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; the effect of the announcement or pendency of the transaction on Cengage’s and/or McGraw-Hill’s business relationships, operating results and business generally; the risk that the proposed transaction may disrupt current plans and operations and the potential difficulties in employee retention as a result of the transaction; the risk that management’s attention may be diverted from Cengage’s and/or McGraw-Hill’s ongoing business operations, as applicable; and the outcome of any legal proceedings that may be instituted against the parties related to the merger agreement or the transaction. You should consider these factors, as well as other factors that are outlined in the “Risk Factors” section of Cengage’s FY18 Annual Report for the period ended March 31, 2018 and the “Special Note Regarding Forward-Looking Statements” section of the same report, as well as the other factor that are outlined in the “Risk Factors” section of McGraw-Hill’s FY18 Annual Report for the period ended December 31, 2018 and the “Special Note Regarding Forward-Looking Statements” in the same report, both located on the respective company’s website. Cengage’s FY19 Annual Report will be posted to the Company website later in May 2019. Any forward-looking statement made by the parties in this presentation is based only on information currently available to the parties and speaks only as of the date on which it is made. The parties undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-GAAP Financial Measures

Certain financial information included herein, including Cash Revenue, EBITDA, Cash EBITDA, Pro Forma EBITDA and EBITDA margin are not presentations made in accordance with U.S. GAAP, and use of such terms varies from others in the same industry. Non-GAAP financial measures should not be considered as alternatives to income from continuing operations, income from operations or any other performance measures derived in accordance with U.S. GAAP as measures of operating performance or cash flows as measures of liquidity. Non-GAAP financial measures have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for results as reported under U.S. GAAP.
Agenda

Introduction
• David Kraut, Treasurer, Senior Vice President of Investor Relations, McGraw-Hill

Strategic & Financial Rationale
• Michael Hansen, CEO, Cengage
• Nana Banerjee, President & CEO, McGraw-Hill

Q&A
Today’s Announcement

• Cengage Learning Holdings II, Inc. (“Cengage”) and McGraw-Hill Education, Inc. (“McGraw”) have entered into a definitive merger agreement
• Creates a leading provider of curated educational content and digital learning solutions across the full learning spectrum
• Provides students, instructors and institutions with more affordable access to superior course materials and platforms
• Highly synergistic with a unique value proposition in a transforming and compelling industry
• Structured as a merger of equals, with existing Cengage shareholders and existing McGraw-Hill shareholders each retaining 50% of the pro forma corporate entity
• Combined company anticipated to be named McGraw Hill, with details to be finalized prior to closing
• The company will be led by Michael Hansen, currently CEO of Cengage. Nana Banerjee will continue to lead McGraw-Hill through the transition. The combined company’s leadership team is expected to be comprised of members from both McGraw-Hill and Cengage and will be announced prior to close
• Subject to customary closing conditions including receipt of regulatory approvals; expected to close in early 2020
## Benefits to the Cengage & McGraw-Hill Merger

<table>
<thead>
<tr>
<th>Expands access to best-in-class content</th>
<th>Enhances learning experiences through proven digital platforms</th>
<th>Strengthens commitment to more affordable options</th>
<th>Delivers superior experience and value</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Features <strong>44,000+ titles</strong> from leading academics and experts, representing proven approaches to teach a wide variety of subjects</td>
<td>• Creates better user <strong>experiences</strong> for all students globally</td>
<td>• Commitment to <strong>high quality affordable solutions</strong></td>
<td>• “Best-in-class” content, proven digital platforms and affordability</td>
</tr>
<tr>
<td></td>
<td>• Seamless integration with other platforms, tools and applications</td>
<td>• Inclusive Access and Unlimited programs</td>
<td>• Superior experiences and greater value for students and educators</td>
</tr>
<tr>
<td></td>
<td>• Reduced leverage profile allows for <strong>increased investment and innovation</strong></td>
<td>• Potential opportunity to combine content and broaden program offerings</td>
<td>• Learning platforms enable students to achieve their full potential</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Advanced analytics to better equip educators to act earlier</td>
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</table>

**Combined Company offers a range of “best-in-class” content – delivered through digital platforms at an affordable price, providing students high quality learning materials to succeed**
Proposed Merger Drives Revenue Growth, Synergies and Enhances Financial Profile

1. Enhances Scale Leading to Increased Revenue Growth
   - **Increases global scale** providing an opportunity to **accelerate revenue growth** from an expanding portfolio of high-quality, curated learning materials
   - Higher Ed:
     - **Increases sales coverage** deepening relationships at the institution level to drive incremental Inclusive Access revenues and digital activations
     - **Accelerates** offering of **affordable, high-quality solutions to students** and faculty through Unlimited subscription offering
   - K-12:
     - **Complementary offerings**: Combination of McGraw-Hill’s proven offerings across all subjects and grades and Cengage’s HS/AP products creates a K-12 segment with a greater breadth of offerings, increased sales coverage and greater stability
   - International:
     - **Increases scale in key growth countries** (Australia, China, India, Middle East) to **drive higher revenue growth**

2. Synergies / Significant Cost Takeout
   - **$300M of annual cost synergies** estimated over next 3 years (10% of addressable costs)

3. Enhances Financial Profile to Delever and Enter Adjacent Markets
   - **Cost takeout drops to the bottom line** and improves EBITDA while also delevering the balance sheet
   - **Enhances financial profile creating an opportunity** to capture larger share of relevant adjacencies within the global education market
   - Opportunity to accelerate industry movement away from traditional textbook model to **recurring digital model**
## Higher Education
Proven Digital Platforms and More Affordable Options

<table>
<thead>
<tr>
<th>Digital</th>
<th>Print</th>
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<tbody>
<tr>
<td><strong>Inclusive Access</strong></td>
<td><strong>Unlimited</strong></td>
</tr>
<tr>
<td>• Leading <strong>affordability</strong> push with 600+ institutions under partnership</td>
<td>• <strong>First of its kind subscription model</strong> for higher education content</td>
</tr>
<tr>
<td>• 50-80% <strong>lower cost</strong> to student than print textbook</td>
<td>• Key student focused <strong>partnerships</strong> with over $200 in value, included as part of affordable subscription price</td>
</tr>
<tr>
<td>• Inclusive Access business $100m+ across Combined Company and rapidly growing</td>
<td>• 1m+ subscribers and $60m+ saved for students within 7 months of launch</td>
</tr>
</tbody>
</table>

**Increased institutional coverage and relevancy will accelerate growth**

**Network effect will be positively impacted by adding content and augmenting services**

**Combination to enhance revenue capture and result in more efficient editorial spend**

Combined Company accelerates student affordability initiatives by providing students access to an expanded portfolio of high-quality, curated learning materials and technology platforms at a lower cost
K-12 Combination Complements K-12 Focus Areas

FOCUS AREAS

- Highly engaging AP & Elective High School products
- Beloved National Geographic Learning brand with riveting content and imagery for early grades

FOCUS AREAS

- World renowned, respected brand with proven offerings across all subjects and grades
- Deep expertise, experience and relationships
- Industry leading blended learning provider

Significant scale across all subjects and grades directly to 13,000+ U.S. school districts
Positioned to compete and increase market participation opportunities in all major new adoptions
Combination provides deep coverage in core instruction along with supplemental and intervention

Complementary product suites provides a more stable combined K-12 revenue base
Segment-Specific Synergies
Complement Overall Deal Rationale

**Higher Education**

“Best-of-both” merger
- Reduction of cost structures
- Step-up in resourcing of digital innovation
- Combination of Cengage white glove service and McGraw-Hill premier science-based learning brand

**International**

Significant opportunity to rationalize extensive and expensive global cost structure
- Improved efficiency of the Higher Ed. content leverage model
- Scale-up of the high growth ELT segment
- Scaled positions in each overlapping country

**K-12**

Merger combining McGraw-Hill’s leading portfolio, tech and sales reach with Cengage’s niche strengths in humanities and Advanced Placement
- Ability to efficiently share content across flagship programs

**Professional & Gale**

Limited synergy opportunity but scale can be leveraged for growth
International
Combined Company is Well Positioned to Capture Global Growth

- Increased scale in key countries (Australia, China, India, M. East) drives higher revenue capture
- Combination provides enhanced product offerings and curated content globally across the learning continuum
- Opportunity to leverage product development resources and distribution channels to drive expansion opportunities
- Cengage and McGraw-Hill have each developed trusted and recognizable global brands

**Presence in**
- 100+ Countries
- 25+ Countries

**Offices in**
- 2,000+ Global Sales Force

**Sales Force**
- 800+ Sales Force Outside the U.S.

**Employees**
- 8,000+ Global Employees
- 2,000+ Employees Outside the U.S.

<table>
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<th>PF LTM 3/31/19 International Cash Revenue</th>
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<tbody>
<tr>
<td>$269m Higher Education</td>
</tr>
<tr>
<td>$143m K-12</td>
</tr>
<tr>
<td>$103m English Language Training</td>
</tr>
<tr>
<td>$86m Professional / Gale</td>
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**Strong Partnerships**
- DaDaABC
- National Geographic
- TED
- United Arab Emirates Ministry of Education

Combined presence
Combination Creates an Enhanced Portfolio, Increasing Scale to Promote Faster Growth

<table>
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<tr>
<th>($ in millions)</th>
<th>Higher Education (1)</th>
<th>K-12</th>
<th>International</th>
<th>Gale/Professional (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cengage</td>
<td>$1,474</td>
<td>225</td>
<td>298</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>15%</td>
<td>20%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>McGraw-Hill</td>
<td>$1,682</td>
<td>122</td>
<td>257</td>
<td>602</td>
</tr>
<tr>
<td></td>
<td>7%</td>
<td>15%</td>
<td>36%</td>
<td>36%</td>
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Adj. Cash EBITDA, Margin
- Cengage: $291m, 20%
- McGraw-Hill: $298m, 18%
- Combined Total: $889m, 28%

Leader in affordable digital learning and burgeoning direct to student / D2C brand
Revered brand with +130-year history, best-in-class platforms and tools, along with deep author relationships
Leading global learning solutions provider with strong, recurring customers and revenue

Combined, the two companies provide unparalleled access and affordability to students, instructors and institutions across the learning spectrum

Figures in the bar chart represent FY 3/31/19 revenue.
(1) McGraw-Hill Higher Education segment includes $3m of Other revenue.
(2) Cengage includes Gale of $225m and McGraw-Hill includes Professional of $122m.
**Enhanced Financial Profile**
Combination Creates Opportunities to Delever and Enter Relevant Adjacencies

- Substantial synergies and cost take-out opportunities create an enhanced financial profile
- Significant deleveraging characteristics provide flexibility for expansion into relevant adjacencies

### Pro Forma De-leveraging Characteristics

<table>
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<th>Cengage Standalone</th>
<th>McGraw-Hill Standalone</th>
<th>PF CombinedCo</th>
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<tbody>
<tr>
<td>Total net leverage</td>
<td>6.7x</td>
<td>7.1x</td>
<td>4.5x</td>
</tr>
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</table>

### Relevant Adjacencies from Growing Education Market

- Global education market is set to reach $10 trillion by 2030 from ~$6.5 trillion today
- Growth driven by developing markets and need for re-skilling and up-skilling in developed economies
- Expansion of existing market strategy by enhancing catalog and expanding into new territories with existing assets


(1) Includes Pre-K, K-12, and Post-secondary education.
Summary

Creates a leading provider of curated educational content and digital learning solutions across the full learning spectrum

Provides students, educators and institutions with more affordable access to superior course materials and platforms

Highly synergistic with a unique value proposition in a transforming and compelling industry

- Increased scale in Higher Education, K-12, International and Professional / Gale markets, leading to opportunities for accelerated revenue growth
- Significant savings and additional synergies through headcount rationalization, facility consolidation and distribution efficiencies
- Enhanced financial profile and deleveraging provides substantial runway for executing on digital and growth strategy
### Definitions: Non-GAAP Financial Measures

We believe that certain non-GAAP financial measures provide useful information for evaluating our business performance. These non-GAAP measures are on a constant currency basis whereby we convert current period and prior period amounts from local currency to U.S. dollars using standard internal currency exchange rates held constant for each year. As needed, we restate these non-GAAP measures for the prior period based on our internally-derived standard currency exchange rates used for the current period in order to remove the impact of foreign currency exchange fluctuation. We believe that these performance measures provide our management and investors with a meaningful basis for reviewing the results of our 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>Financial Measure</th>
<th>Description</th>
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<tbody>
<tr>
<td>Adjusted Revenue</td>
<td>This measure is defined as revenues before the impact of changes in foreign currency exchange rates.</td>
</tr>
<tr>
<td>Adjusted EBITDA</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>
</tr>
<tr>
<td>Adjusted EBITDA less Prepub</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>
</tr>
<tr>
<td>Adjusted Cash Revenue, Adjusted Cash EBITDA, Adjusted Cash EBITDA less Prepub</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 and Adjusted Cash EBITDA less Prepub also remove 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>
</tr>
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