

On October 16, 2008, Cengage Learning Holdings II L.P. (the "Company") modified its Annual Report for the Fiscal Year Ended June 30, 2008, previously issued on September 24, 2008 (the "Annual Report"). The modification relates to the restatement of our results to account for discontinued operations (See Note 4, "Discontinued Operations" in our Annual Report) and consists of a change to the presentation of Selected Quarterly Financial Data presented on page 24 only. It does not change the Consolidated and Combined Balance Sheets, the Consolidated and Combined Statements of Operations, the Consolidated and Combined Statements of Cash Flows or the accompanying notes to the consolidated and combined financial statements included in the Annual Report. The Company's Fiscal 2008 Year End Investor Call slides and Supporting Schedules have also been modified for consistency.

# Fiscal 2008 Year End Investor Call

September 24, 2008



## Special Note

### Safe Harbor/Forward-Looking Statements

- The following discussion will 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 factors discussed in this presentation, in the management's discussion and analysis section of the company's Annual Report and the "Risk Factors" section of the Annual Report and the Offering Memorandum relating to the 10.50% Senior Notes due 2015 and the 13.25% Senior Subordinated Discount Notes due 2015 issued by Cengage Learning Acquisitions, Inc. Please consult either of 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 Financial Measures

- This presentation contains disclosures of EBITDA, Free cash flow and Adjusted EBITDA which are non-GAAP financial measures. Please see Appendix on slide 11 for a definition of these measures as well as the "Investor Relations" section of our website, [www.cengage.com](http://www.cengage.com), for a reconciliation of each of these measures to the most directly comparable GAAP financial measure.

# Agenda

- Welcome/Introduction
- Key Business Developments
- Financial Results
- Questions & Answers

Ron Dunn

David Faiman

## Key Business Developments

- Fiscal 2008 accomplishments
- Business environment
- Houghton Mifflin update
- Growth initiatives
- Acquisitions and divestitures
- Chief Financial Officer search status

# Consolidated and Combined Financial Results

(\$ Millions)

	FOURTH QUARTER			YEAR TO DATE		
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
Revenue <sup>(a),(b)</sup>	\$ 347.6	\$ 290.7	19.6%	\$ 1,723.4	\$ 1,613.9	6.8%
EBITDA <sup>(a)</sup>	\$ 76.9	\$ 18.1	324.9%	\$ 594.3	\$ 490.8	21.1%
<b>Margin</b>	<b>22.1%</b>	<b>6.2%</b>		<b>34.5%</b>	<b>30.4%</b>	
Free cash flow	\$ (83.0)	NM		\$ 144.3	NM	

NM - Not meaningful

- (a) Current period reflects \$2.5 million and \$20.2 million reduction to revenue, for the fourth quarter and year to date 2008, respectively, associated with purchase accounting adjustments to deferred revenue, and have a 100% flow through to EBITDA.
- (b) Current period includes \$3.0 million and \$20.1 million of revenue for the fourth quarter and year to date 2008, respectively, from transactions with a former affiliate of Thomson Learning which was reported as a reduction of expenses for all periods prior to July 5, 2007. Such transactions reduced expenses during the fourth quarter and year to date 2007 by \$1.0 million and \$20.9 million, respectively.

# Academic and Professional Group

(\$ Millions)

	FOURTH QUARTER			YEAR TO DATE		
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
Revenue <sup>(a)</sup>	\$ 201.3	\$ 156.7	28.5%	\$ 1,149.9	\$ 1,045.3	10.0%
EBITDA	\$ 50.7	\$ 9.2	451.1%	\$ 464.3	\$ 400.6	15.9%
<b>Margin</b>	<b>25.2%</b>	<b>5.9%</b>		<b>40.4%</b>	<b>38.3%</b>	

(a) Current period includes \$3.0 million and \$18.9 million of revenue for the fourth quarter and year to date 2008, respectively, from transactions with a former affiliate of Thomson Learning which was reported as a reduction of expenses for all periods prior to July 5, 2007. Such transactions reduced expenses during the fourth quarter and year to date 2007 by \$1.0 million and \$19.3 million, respectively.

# Gale

(\$ Millions)

	FOURTH QUARTER			YEAR TO DATE		
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
Revenue	\$ 85.1	\$ 83.0	2.5%	\$ 314.3	\$ 322.9	-2.7%
EBITDA	\$ 39.0	\$ 38.7	0.8%	\$ 139.8	\$ 136.6	2.3%
<i>Margin</i>	<i>45.8%</i>	<i>46.6%</i>		<i>44.5%</i>	<i>42.3%</i>	

# International

(\$ Millions)

	FOURTH QUARTER			YEAR TO DATE		
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
Revenue	\$ 57.3	\$ 45.5	25.9%	\$ 252.4	\$ 222.7	13.3%
EBITDA	\$ 4.2	\$ (1.9)	NM	\$ 38.4	\$ 23.6	62.7%
<i>Margin</i>	<i>7.3%</i>	<i>-4.2%</i>		<i>15.2%</i>	<i>10.6%</i>	

NM - Not meaningful

# Questions & Answers

September 24, 2008



# Appendix



# Non-GAAP Financial Measures

We believe that certain non-GAAP financial measures provide additional means of analyzing the current period's results against the corresponding prior period's results. However, these 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.

**“EBITDA”**: We evaluate earnings based upon operating income (loss) before the amortization and impairment of identifiable intangible assets, depreciation, amortization of pre-publication costs, impairment of goodwill and for 2007, the allocation of corporate management costs from TOC. We believe that this measure provides an additional means of analyzing the results of operating activities by eliminating the effects of financing and accounting decisions. Where applicable, prior year EBITDA amounts have been reclassified for comparative purposes. A reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP has been made available at [www.cengage.com](http://www.cengage.com).

**“Free cash flow”**: This measure of cash flows represents net cash (used in) provided by operating activities of continuing operations less cash expenditure for additions to pre-publication costs and additions to property, equipment and capitalized software for internal use, net of dispositions. We view these investments as income-producing assets that are important to the growth of our business. We believe that this measure gives us and our investors additional perspective of cash flows from operating activities. A reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP has been made available at [www.cengage.com](http://www.cengage.com).

**“Adjusted EBITDA”**: In order to evaluate the results of operating activities excluding the effect of significant non-recurring transactions and giving effect to the run rate impact of cost saving initiatives, acquisitions and disposals, we calculate Adjusted EBITDA pursuant to the terms of our credit agreement. A reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP has been made available at [www.cengage.com](http://www.cengage.com).