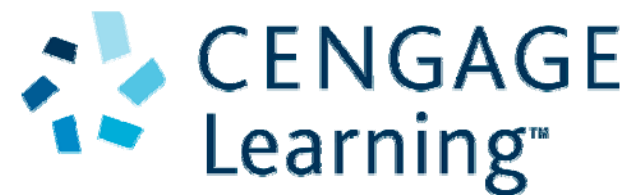


Fiscal 2011 Year End Investor Call

July 29, 2011



Safe Harbor/Forward-Looking Statements

- 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 (i) risk factors discussed in this presentation, our Third Quarter Report for the Three and Nine Months Ended March 31, 2011 and the "Risk Factors" section of the Company's Annual Report for the Fiscal Year Ended June 30, 2010 and (ii) other factors that we currently deem immaterial or are not known to us. Please consult these documents for a more complete understanding of these risks and uncertainties. Except as otherwise required by law, 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.
- The financial results contained in this presentation for the three months and year ended June 30, 2011 are preliminary and are subject to the closing of our financial books and the completion of customary year-end accounting. Final financial results may vary from those included in this presentation. Cengage Learning expects to release its Annual Report for the Fiscal Year Ended June 30, 2011 in September 2011.
- The financial results for the three months and year ended June 30, 2011 and the three months ended June 30, 2010 included in this presentation are unaudited.
- This presentation also contains disclosures of Adjusted EBITDA, Unlevered Free Cash Flow and Bank EBITDA which are non-GAAP financial measures.

Agenda

 Welcome / Introductions

Dave Faiman

 Business and Market Update

Ron Dunn

 Financial Results

Dean Durbin

 Questions & Answers

Business and Market Update

Ron Dunn



Business and Market Update

- Market Conditions
- Financial Performance
- Outlook
- Digital Update
- Favorable Developments

Illustration of Full Potential Opportunity for Digital

Economic Impact Over 3-Year Lifecycle of Typical Adoption

(Illustrative of a typical 200 Student Class)

	Traditional Print (76%)	E-book Substitute (1%)	Value-Add Digital Solution (23%)
<u>Addressable Units</u>	• 600	• 600	• 600
<u>Students Sold</u>	• 240	• 540	• 540
<u>Avg. Sale Price</u>	• \$115.00	• \$54.34	• \$98.00
<u>\$/Student</u>	• 46.00	• \$48.90	• \$88.20
<u>Total Revenue</u>	• \$27,600	• \$29,342	• \$52,920
<u>Total GM\$/%</u>	• \$20,729/ 75.1%	• \$24,941/ 85.0%	• \$42,930/ 81.1%

Digital Trends

❁ Digital product utilization

- ❁ 2.7 million activations; 18% growth
- ❁ 64 million sessions; 21% growth

❁ Digital product development

- ❁ Nearly 70% of our portfolio will have digital solution coverage this Fall, and we should reach 75% coverage in fiscal year 2012
- ❁ Increasingly, our development efforts are fueling more compelling, integrated digital solutions, like MindTap, to enhance the existing value proposition to our customers

❁ eCommerce activity

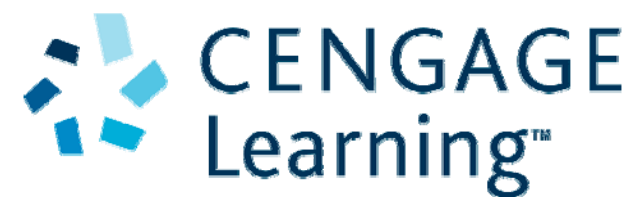
- ❁ Over 40,000 products available
- ❁ Greater than 50% growth in CengageBrain.com revenue and nearly 50% growth in visitors.

Acquisition of National Geographic School Publishing

- ❁ Acquisition will result in the formation of a global literacy, English language learning and content publishing brand
- ❁ Establishes Cengage Learning as a leading English language teaching publisher in the U.S.
- ❁ Strengthens Cengage Learning's existing English language learning business and allows us to better capitalize on the growing global demand for related instructional materials
- ❁ Positions Cengage Learning for future growth through opportunities for new products, projects and programs to address customers worldwide

Financial Results

Dean Durbin



Fiscal 2011 Year End Investor Call



Consolidated

Three Months Ended June 30,

(\$ Millions)	2011	2010	Change
Revenue	\$ 472.9	\$ 553.4	-14.5%
Adjusted EBITDA	\$ 201.5	\$ 234.0	-13.9%
<i>Margin</i>	<i>42.6%</i>	<i>42.3%</i>	

Fourth Quarter Overview

Revenue

Decrease of \$80.5 due to:

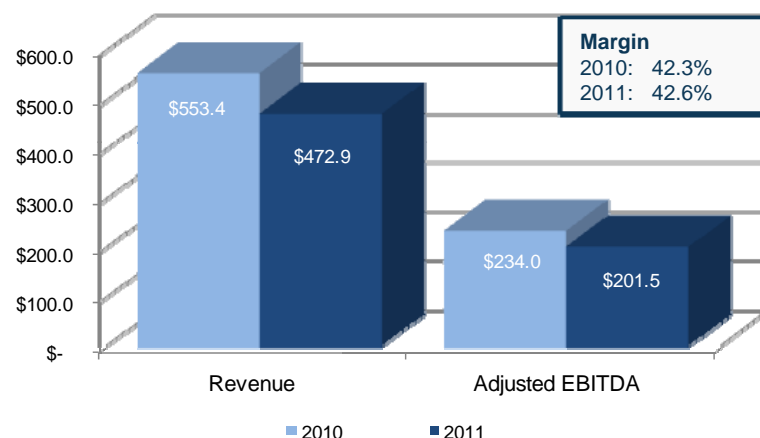
- \$76.2 and \$4.3 decrease within our Domestic and International segments, respectively.

Adjusted EBITDA

Decrease of \$32.5 due to:

- Lower revenues, partially offset by
- Lower employee-related costs, and
- Lower fixed and variable costs.

Revenue and Adjusted EBITDA



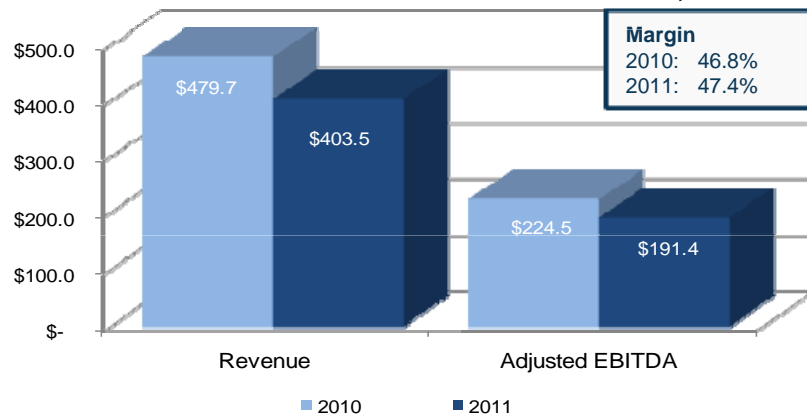
The financial results for the Three Months and Year Ended June 30, 2011 and the Three Months Ended June 30, 2010 included in this presentation are unaudited.

Fiscal 2011 Year End Investor Call

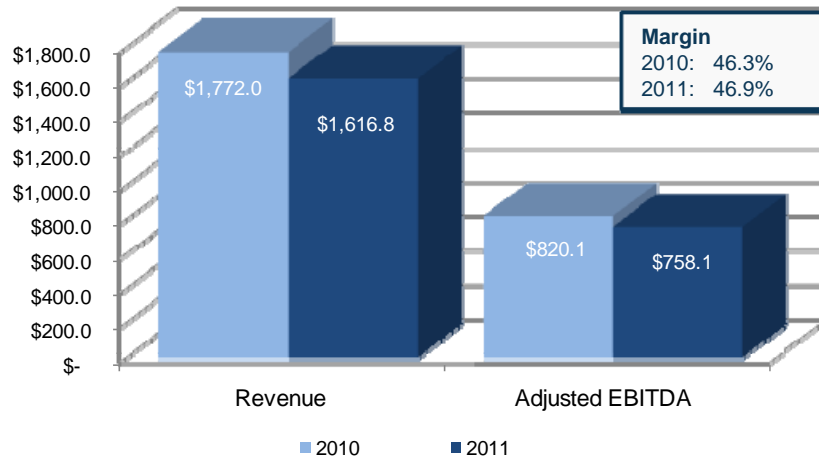


Domestic

Three Months Ended June 30,



Years Ended June 30,



Fourth Quarter Overview

Revenue

Decrease of \$76.2 due to:

- ✦ \$68.0 decrease within Learning primarily reflecting lower gross sales in Higher Education due to the timing of orders resulting in a year-over-year incremental backlog of approximately \$50 which will result in about \$38 net revenue recognized in fiscal 2012, a change in the ordering pattern of certain of our key customers who have deferred their fall semester orders until later in the selling season and more students obtaining their learning materials from textbook renters and other alternative sources, and lower gross sales in Career reflecting lost adoptions and lower realized pricing, and
- ✦ \$8.2 decrease within Research across most of our product lines, primarily print and ebook sales.

Adjusted EBITDA

Decrease of \$33.1 due to:

- ✦ Lower revenues, partially offset by
- ✦ \$30.5 lower employee related costs primarily associated with lower incentive compensation, and
- ✦ Lower variable costs.

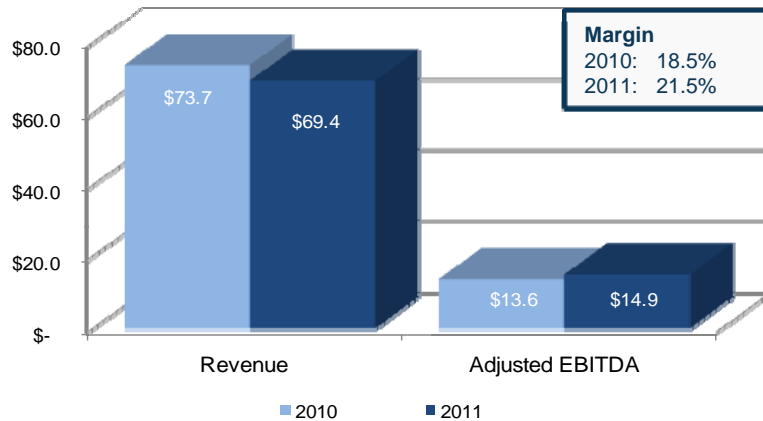
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Fiscal 2011 Year End Investor Call

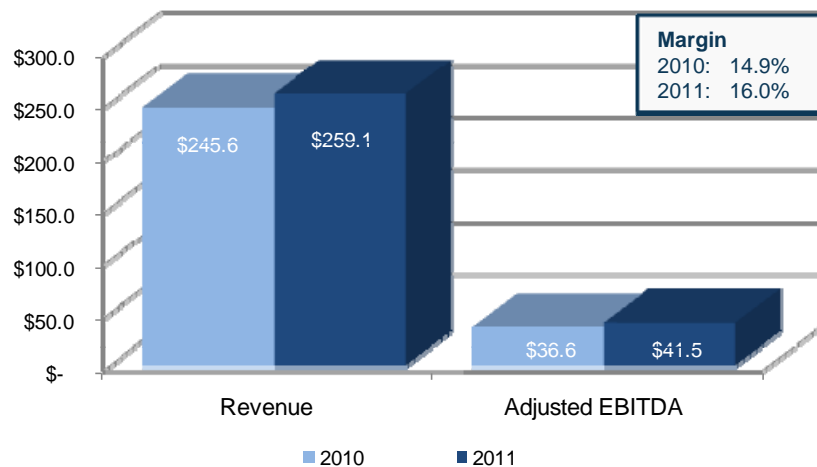


International

Three Months Ended June 30,



Years Ended June 30,



Fourth Quarter Overview

Revenue

Decrease of \$4.3 due to:

- Declines in English language teaching products primarily within Latin America and EMEA, partially offset by
- \$6.1 favorable impact from foreign currency translation.

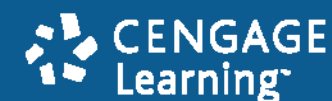
Adjusted EBITDA

Increase of \$1.3 due to:

- Significantly lower variable costs reflecting a favorable margin shift due to the mix of products sold, partially offset by
- Lower revenue.

The financial results for the Three Months and Year Ended June 30, 2011 and the Three Months Ended June 30, 2010 included in this presentation are unaudited.

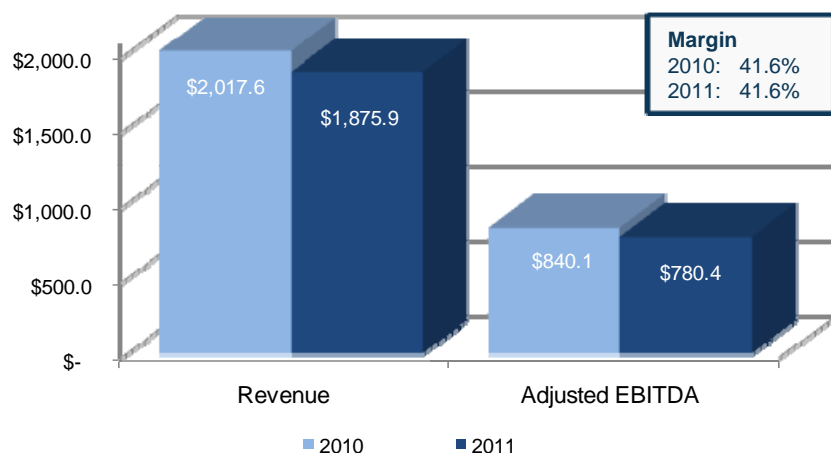
Fiscal 2011 Year End Investor Call



Full Year Consolidated Financial Results

(\$ Millions)	2011	2010	Change
Revenue	\$ 1,875.9	\$ 2,017.6	-7.0%
Adjusted EBITDA	\$ 780.4	\$ 840.1	-7.1%
Margin	41.6%	41.6%	
Capital Expenditures	\$ 252.5	\$ 203.0	24.4%
Unlevered Free Cash Flow	\$ 506.7	\$ 596.7	-15.1%

Revenue and Adjusted EBITDA



Revenue decrease of \$141.7 reflects:

\$155.2 decrease in Domestic due to:

- \$130.0 decline within Learning primarily reflecting lower gross sales in Higher Education due to the timing of orders coupled with the loss of some adoptions and more students obtaining their learning materials from textbook renters and other alternative sources, and lower gross sales in Career reflecting lost adoptions and lower realized pricing, as well as
- \$25.2 decrease within Research due to lower print and digital sales, primarily reflecting the impact of continued funding challenges facing our customers, partially offset by

\$13.5 increase within International reflecting:

- \$11.9 favorable impact from foreign currency translation and an increase from our acquisition in Australia, and
- Higher gross sales in Asia, partially offset by
- Lower gross sales in Latin America and EMEA.

Adjusted EBITDA decrease of \$59.7 reflects:

- Lower revenue, partially offset by
- Lower employee-related costs primarily associated with lower incentive compensation and lower variable costs.

Capital Expenditures increase of \$49.5 reflects:

- Continued investment in products and our global enterprise resource system.

Unlevered Free Cash Flow decrease of \$90.0 reflects:

- Lower contribution from EBITDA and increase in capital expenditures.

The financial results for the Three Months and Year Ended June 30, 2011 and the Three Months Ended June 30, 2010 included in this presentation are unaudited.

Fiscal 2011 Year End Investor Call



Liquidity and Capital Resources

Liquidity at June 30,

(\$ Millions)

	2011	2010
Cash and cash equivalents	\$ 34.2	\$ 27.0
Revolving Credit Facility	\$ 300.0	\$ 300.0
Outstanding Letters of Credit	(2.6)	(6.3)
Outstanding Borrowings	(24.0)	(66.0)
Available under the Revolving Credit Facility	\$ 273.4	\$ 227.7

Leverage Ratios at June 30,

	2011	2010
Credit Agreement:		
Threshold	7.75	7.75
Leverage Ratio	4.76	4.58
Total Leverage Ratio ¹	7.00	6.61

Net Indebtedness at June 30,

(\$ Millions)

	2011	2010
Term Loan	\$ 3,311.0	\$ 3,345.4
Incremental Term Loan	599.0	602.7
Revolving Credit Facility	24.0	66.0
10.50% Senior Notes due 2015	1,208.4	1,206.3
13.25% Senior Subordinated Discount Notes due 2015	407.7	407.7
13.75% Senior PIK Notes due 2015	140.4	137.7
Indebtedness	5,690.5	5,765.8
Cash and cash equivalents	(34.2)	(27.0)
Net Indebtedness	\$ 5,656.3	\$ 5,738.8
Last Twelve Months Bank EBITDA ²	\$ 808.6	\$ 868.3

¹ Total Leverage Ratio is determined as the ratio of Net Indebtedness to Last Twelve Months Bank EBITDA (i.e., \$5,656.3 / \$808.6 for fiscal year 2011 and \$5,738.8 / \$868.3 for fiscal year 2010)

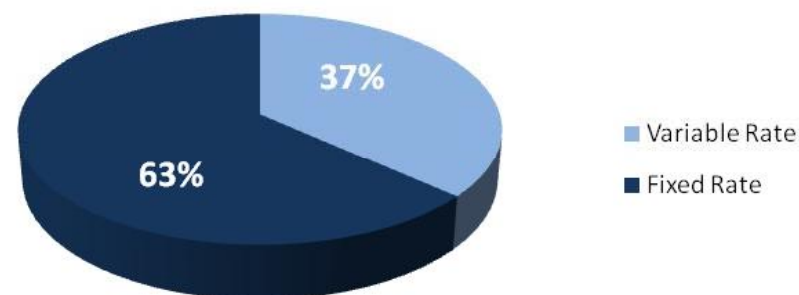
² We calculate Bank EBITDA pursuant to the terms of our Credit Agreement.

The financial results for the Three Months and Year Ended June 30, 2011 and the Three Months Ended June 30, 2010 included in this presentation are unaudited.

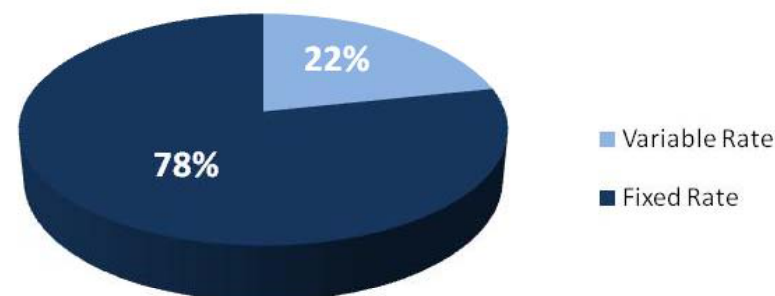
Interest Rate Risk Management

- ❖ As of June 30, 2011, we have \$2.1 billion of our \$3.3 billion Term Loan swapped to an average fixed interest rate of 2.77%, designated as cash flow hedges for accounting purposes.
- ❖ We will continue to monitor interest rates to mitigate forward exposure.

Term Loan at June 30, 2011



Total Debt at June 30, 2011⁽¹⁾



⁽¹⁾ We classify the Incremental Term Loan as fixed rate debt for interest rate management purposes given its 3.75% interest rate floor.

Questions & Answers



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.

“Adjusted EBITDA”: Defined as Net income (loss) before: income (loss) from discontinued operations, net of tax; equity losses of affiliates, net of taxes; benefit from (provision for) income taxes; interest expense, net; mark-to-market of derivative instruments; gain on early extinguishment of debt; other expense, net; amortization and impairment of identifiable intangible assets; impairment of goodwill; depreciation; restructuring charges and the amortization of pre-publication costs. We believe that this performance measure provides a meaningful basis for reviewing the results of our operations by eliminating the effects of financing and investing decisions, as well as excluding the impact of activities not related to the core operating business.

“Unlevered Free Cash Flow”: Calculated as net cash provided by operating activities of continuing operations excluding net cash paid for interest and debt repayments in lieu of interest, but reduced for cash expenditures relating to additions to pre-publication costs and additions to property, equipment and capitalized software for internal use. We view these cash expenditures as investments required to ensure the sustainability and continued growth of our business. We believe that this liquidity measure gives us and our investors a clearer picture of the cash flow produced and reinvested by the ongoing business, before debt service.

“Bank 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 Bank EBITDA pursuant to the terms of our Credit Agreement. We previously referred to this measure as “Covenant Adjusted EBITDA”.