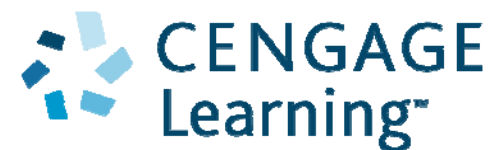


Fiscal 2009 First Quarter Investor Call

November 11, 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 First Quarter Report for the Three Months Ended September 30, 2008 and the "Risk Factors" section of the Annual Report For The Fiscal Year Ended June 30, 2008 and the First Quarter Report for the Three Months Ended September 30, 2008. 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.



Agenda

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

Ron Dunn

David Faiman

Key Business Developments

- Market conditions
- Status of Houghton Mifflin integration
- Acquisitions and divestitures
- Proposed settlement between Google, publishers and authors
- Chief Financial Officer search status

Consolidated and Combined Financial Results

(\$ Millions)

	FIRST QUARTER		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenue ^(a)	\$ 761.3	\$ 629.6	20.9%
EBITDA ^(a)	\$ 395.6	\$ 307.0	28.9%
<i>Margin</i>	<i>52.0%</i>	<i>48.8%</i>	
Free cash flow	\$ 85.7	137.9	

(a) Reflects \$0.7 million and \$6.4 million reduction to revenue, for the first quarter of 2009 and 2008, respectively, associated with purchase accounting adjustments to deferred revenue, and have a 100% flow through to EBITDA.

Academic & Professional Group

(\$ Millions)

	FIRST QUARTER		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenue	\$ 621.0	\$ 486.7	27.6%
EBITDA	\$ 358.1	\$ 269.0	33.1%
<i>Margin</i>	<i>57.7%</i>	<i>55.3%</i>	

Gale

(\$ Millions)

	FIRST QUARTER		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenue	\$ 76.1	\$ 75.9	0.3%
EBITDA	\$ 36.4	\$ 35.4	2.8%
<i>Margin</i>	<i>47.8%</i>	<i>46.6%</i>	

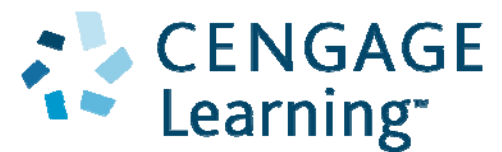
International

(\$ Millions)

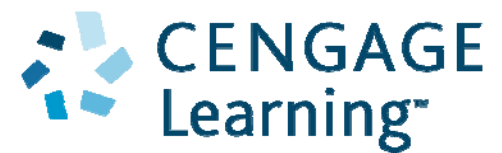
	FIRST QUARTER		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenue	\$ 58.9	\$ 63.5	-7.2%
EBITDA	\$ 8.3	\$ 10.1	-17.8%
<i>Margin</i>	<i>14.1%</i>	<i>15.9%</i>	

Questions & Answers

November 11, 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 Fiscal 2008, 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. Our measure of EBITDA is consistent with our measure of Segment Operating Profit. Segment Operating Profit is presented pursuant to the requirements in Statement of Financial Accounting Standard No. 131, *Disclosures about Segments of an Enterprise and Related Information* in Note 14, Segment Information of our First Quarter Report for the Three Months Ended September 30, 2008. A reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP is included on page 12 of this presentation.

"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 is included on page 13 of this presentation.

"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 is included on page 14 of this presentation.

EBITDA Reconciliation

	Successor		Predecessor	Cumulative Period Ended September 30, 2007
	Three Months Ended September 30, 2008	Period July 5, 2007 to September 30, 2007	Period July 1, 2007 to July 4, 2007	
Total segment operating profit / EBITDA	\$ 395.6	\$ 301.5	\$ 5.5	\$ 307.0
Less:				
Amortization of pre-publication costs	(53.3)	(43.7)	(0.9)	(44.6)
Allocation of management costs from TOC	-	-	(0.8)	(0.8)
Depreciation	(14.8)	(13.5)	(0.7)	(14.2)
Amortization of identifiable intangible assets	(45.8)	(54.8)	(0.3)	(55.1)
Operating income	<u>\$ 281.7</u>	<u>\$ 189.5</u>	<u>\$ 2.8</u>	<u>\$ 192.3</u>

Free Cash Flow Reconciliation

	Successor		Predecessor	Cumulative Period Ended September 30, 2007
	Three Months Ended September 30, 2008	Period July 5, 2007 to September 30, 2007	Period July 1, 2007 to July 4, 2007	
Net cash provided by operating activities of continuing operations	\$ 117.2	\$ 166.0	\$ 6.5	\$ 172.5
Additions to pre-publication costs	(27.3)	(26.0)	-	(26.0)
Additions to property, equipment and capitalized software for internal use, net of dispositions	(4.2)	(8.6)	-	(8.6)
Free cash flow	<u>\$ 85.7</u>	<u>\$ 131.4</u>	<u>\$ 6.5</u>	<u>\$ 137.9</u>

Supplemental reconciliation of free cash flow to net change in cash and cash equivalents for the period:

Free cash flow	\$ 85.7	\$ 137.9
Acquisitions of businesses, net of related financing arrangements	(38.9)	76.5
Proceeds from settlement of derivative financial instruments	23.3	-
Repayments of long-term debt	(43.8)	-
Cash flows from discontinued operations	(0.9)	0.2
Proceeds from sale of businesses and other divestitures	32.0	-
Debt issuance costs	(16.2)	(90.7)
Change in cash overdrafts	-	(22.8)
Repayments from notes payable to TOC, net	-	(5.2)
Other, net	(2.5)	0.4
Net increase in cash and cash equivalents for the period	<u>\$ 38.7</u>	<u>\$ 96.3</u>

Adjusted EBITDA Reconciliation

	Twelve Months Ended September 30, 2008
	<u> </u>
Net income	\$ (450.3)
Adjustments:	
Net loss (income) on discontinued operations	115.9
Interest expense	582.9
Interest income	(6.3)
Provision for income taxes	7.2
Depreciation	60.5
Amortization and impairment of identifiable intangible assets	203.3
Amortization of pre-publication costs	139.8
Purchase accounting impact on deferred revenue	14.5
Gain on early extinguishment of debt	(10.6)
Management fee	10.0
Transaction costs	8.4
Run rate cost savings	3.1
Pro forma EBITDA from acquisitions	32.3
Non-cash equity-based compensation	7.2
Impairment of goodwill	39.2
Non-recurring items and other	13.0
Adjusted EBITDA	<u>\$ 770.1</u>