

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.

Investor Presentation for Period Ended June 30, 2008
Condensed Consolidated and Combined Balance Sheets
(Unaudited)

(Dollars in millions)

	<u>Successor</u> <u>June 30,</u> <u>2008</u>	<u>Predecessor</u> <u>June 30,</u> <u>2007</u>
Assets		
Cash and cash equivalents	\$ 44.3	\$ 18.8
Accounts receivable, net	273.9	208.2
Notes receivable from TOC	-	23.8
Inventories	214.1	181.4
Current deferred tax assets	62.3	57.3
Prepaid expenses and other current assets	32.5	37.0
Current assets of discontinued operations	32.7	36.3
Total current assets	<u>659.8</u>	<u>562.8</u>
Property, equipment and capitalized software for internal use, net	160.3	149.3
Pre-publication costs, net	245.7	231.6
Author advances	25.5	24.8
Identifiable intangible assets, net	3,514.5	569.8
Goodwill	4,411.4	1,367.6
Non-current deferred tax assets	0.6	4.8
Deferred financing costs	80.8	-
Other non-current assets	20.9	19.8
Non-current assets of discontinued operations	26.1	27.0
Total assets	<u>\$ 9,145.6</u>	<u>\$ 2,957.5</u>
Liabilities and Partners' Capital and Owners' Equity		
Accounts payable and accrued expenses	\$ 360.8	\$ 235.4
Deferred revenue	104.9	86.7
Current portion of long-term debt	40.7	35.0
Capital lease obligation	-	26.0
Notes payable to TOC	-	693.9
Current taxes payable	6.8	12.4
Current fair value of derivative instruments	58.8	-
Other current liabilities	9.0	22.1
Current liabilities of discontinued operations	51.0	52.8
Total current liabilities	<u>632.0</u>	<u>1,164.3</u>
Long-term debt	6,255.1	14.9
Non-current deferred tax liabilities	922.5	311.8
Non-current fair value of derivative instruments	35.3	-
Other non-current liabilities	22.0	10.7
Non-current liabilities of discontinued operations	2.1	2.0
Total liabilities	<u>7,869.0</u>	<u>1,503.7</u>
Net investment of TOC	-	1,402.5
Partners' capital	1,320.3	-
Accumulated other comprehensive (loss) income	(43.7)	51.3
Total partners' capital and owners' equity	<u>1,276.6</u>	<u>1,453.8</u>
Total liabilities and partners' capital and owners' equity	<u>\$ 9,145.6</u>	<u>\$ 2,957.5</u>

Investor Presentation for Period Ended June 30, 2008
Condensed Consolidated and Combined Statements of Operations
(Unaudited)

(Dollars in millions)

	Successor	Predecessor	
	Three Months	Three Months	
	Ended	Ended	
	June 30,	June 30,	
	2008	2007	% Change
Revenues	\$ 347.6	\$ 290.7	19.6%
Cost of revenues, excluding amortization of pre-publication costs and depreciation stated below	155.6	147.2	5.7%
Amortization of pre-publication costs	28.1	24.6	14.2%
Total cost of revenues, excluding depreciation stated below	183.7	171.8	6.9%
Selling, general & administrative, excluding depreciation stated below	115.1	125.4	-8.2%
Allocation of management costs from TOC	-	13.7	NM
Depreciation	16.1	16.2	-0.6%
Impairment of goodwill	39.2	-	NM
Amortization and impairment of identifiable intangible assets	52.2	10.2	NM
Total costs and expenses	406.3	337.3	20.5%
Operating loss from continuing operations	(58.7)	(46.6)	26.0%
Interest expense with TOC	-	(5.0)	NM
Interest income	1.0	-	NM
Interest expense	(144.2)	(1.7)	NM
Loss before taxes from continuing operations	(201.9)	(53.3)	NM
(Provision for) benefit from income taxes	(0.4)	17.9	NM
Equity losses of investees, net of taxes	(1.0)	(3.2)	-68.8%
Net loss from continuing operations	(203.3)	(38.6)	NM
Net loss from discontinued operations, net of tax	(104.8)	(1.8)	NM
Net loss	\$ (308.1)	\$ (40.4)	NM

NM = Not meaningful

Note: Certain prior year amounts have been reclassified for comparative purposes.

Investor Presentation for Period Ended June 30, 2008
Condensed Consolidated and Combined Statements of Operations
(Unaudited)

(Dollars in millions)

	Year Ended Fiscal 2008			Predecessor Year Ended June 30, 2007	% Change
	Successor	Predecessor			
	Period July 5, 2007 to June 30, 2008	Period July 1, 2007 to July 4, 2007	Cumulative Period Ended June 30, 2008		
Revenues	\$ 1,705.5	\$ 17.9	\$ 1,723.4	\$ 1,613.9	6.8%
Cost of revenues, excluding amortization of pre-publication costs and depreciation stated below	714.9	7.7	722.6	687.6	5.1%
Amortization of pre-publication costs	130.7	0.9	131.6	124.9	5.4%
Total cost of revenues, excluding depreciation stated below	845.6	8.6	854.2	812.5	5.1%
Selling, general & administrative, excluding depreciation stated below	401.8	4.7	406.5	435.5	-6.7%
Allocation of management costs from TOC	-	0.8	0.8	51.2	NM
Depreciation	59.3	0.7	60.0	57.7	4.0%
Impairment of goodwill	39.2	-	39.2	-	NM
Amortization and impairment of identifiable intangible assets	212.7	0.3	213.0	43.6	NM
Total costs and expenses	1,558.6	15.1	1,573.7	1,400.5	12.4%
Operating income from continuing operations	146.9	2.8	149.7	213.4	-29.9%
Gain on sale of equity investee	0.8	-	0.8	-	NM
Gain on nonmonetary transaction	-	-	-	1.3	NM
Interest income	7.0	-	7.0	-	NM
Interest expense with TOC	-	-	-	(27.0)	NM
Interest expense	(559.1)	-	(559.1)	(5.1)	NM
(Loss) income before taxes from continuing operations	(404.4)	2.8	(401.6)	182.6	NM
Provision for income taxes	(1.9)	(1.0)	(2.9)	(76.5)	-96.2%
Equity losses of investees, net of taxes	(3.1)	(0.1)	(3.2)	(7.8)	-59.0%
(Loss) income from continuing operations	(409.4)	1.7	(407.7)	98.3	NM
(Loss) income from discontinued operations, net of tax	(115.8)	0.1	(115.7)	1.7	NM
Net (loss) income	\$ (525.2)	\$ 1.8	\$ (523.4)	\$ 100.0	NM

NM = Not meaningful

Note: Certain prior year amounts have been reclassified for comparative purposes.

Investor Presentation for Period Ended June 30, 2008
Condensed Consolidated and Combined Statements of Cash Flows
(Unaudited)

(Dollars in millions)

	Year Ended Fiscal 2008			Predecessor Year Ended June 30, 2007
	Successor Period July 5, 2007 to June 30, 2008	Predecessor Period July 1, 2007 to July 4, 2007	Cumulative Period Ended June 30, 2008	
Cash Flows from Operating Activities				
Net (loss) income	\$ (525.2)	\$ 1.8	\$ (523.4)	\$ 100.0
Loss (income) from discontinued operations, net of tax	115.8	(0.1)	115.7	(1.7)
(Loss) income from continuing operations	(409.4)	1.7	(407.7)	98.3
Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities of continuing operations:				
Amortization of pre-publication costs	130.7	0.9	131.6	124.9
Depreciation	59.3	0.7	60.0	57.7
Impairment of goodwill	39.2	-	39.2	-
Amortization and impairment of identifiable intangible assets	212.7	0.3	213.0	43.6
Amortization of debt discounts and deferred financing costs	68.9	-	68.9	-
Non-cash interest on senior bridge loan facility	74.9	-	74.9	-
Non-cash interest on interest rate swaps	13.8	-	13.8	-
Non-cash equity-based compensation expense	5.6	-	5.6	-
(Benefit from) provision for deferred taxes	(11.0)	0.8	(10.2)	72.9
Equity losses of investees, net of taxes	3.1	0.1	3.2	7.8
Changes in operating assets and liabilities, net of acquisitions	114.3	2.2	116.5	(11.2)
Other, net	(0.3)	(0.2)	(0.5)	3.2
Net cash provided by operating activities of continuing operations	301.8	6.5	308.3	397.2
Net cash (used in) provided by operating activities of discontinued operations	(1.4)	1.5	0.1	1.4
Net cash provided by operating activities	300.4	8.0	308.4	398.6
Cash Flows from Investing Activities				
Acquisitions of business, less cash therein	(7,980.3)	-	(7,980.3)	(40.3)
Proceeds from sale of equity of investees	2.0	-	2.0	-
Capital infusion into equity investees	(0.8)	-	(0.8)	(10.4)
Additions to pre-publication costs	(123.9)	-	(123.9)	(123.0)
Additions to property, equipment and capitalized software for internal use	(40.7)	-	(40.7)	(53.9)
Proceeds from disposition of property, equipment and software for internal use	0.6	-	0.6	1.1
Other, net	-	-	-	(1.2)
Net cash used in investing activities of continuing operations	(8,143.1)	-	(8,143.1)	(227.7)
Net cash used in investing activities of discontinued operations	(1.7)	-	(1.7)	(9.6)
Net cash used in investing activities	(8,144.8)	-	(8,144.8)	(237.3)
Cash Flows from Financing Activities				
Proceeds from issuance of debt	6,190.4	-	6,190.4	-
Debt issuance costs	(93.4)	-	(93.4)	-
Repayments of long-term debt	(25.8)	-	(25.8)	(35.0)
Borrowings under the revolving credit facility	41.5	-	41.5	-
Repayments under the revolving credit facility	(41.5)	-	(41.5)	-
Repayments of capital lease obligation	(26.0)	-	(26.0)	-
Capital contribution from partners	1,839.9	-	1,839.9	-
Change in cash overdrafts	(11.7)	(6.9)	(18.6)	10.4
Repayments from notes payable/receivable to TOC, net	-	(5.2)	(5.2)	(12.6)
Increase (decrease) in net investment of TOC	-	0.4	0.4	(132.4)
Net cash provided by (used in) financing activities of continuing operations	7,873.4	(11.7)	7,861.7	(169.6)
Impacts on Cash and Cash Equivalents from				
Change in Foreign Currency	0.2	-	0.2	2.2
Net Increase (Decrease) in Cash and Cash Equivalents	29.2	(3.7)	25.5	(6.1)
Cash and Cash Equivalents				
Beginning of period	15.1	18.8	18.8	24.9
End of period	\$ 44.3	\$ 15.1	\$ 44.3	\$ 18.8

Cengage Learning
Investor Presentation for Period Ended June 30, 2008
Financial Information Reconciliation
Cumulative Period Reconciliation
(Dollars in millions)

	<u>Successor</u> <u>Three Months</u> <u>Ended</u> <u>June, 30</u> <u>2008</u>	<u>Predecessor</u> <u>Three Months</u> <u>Ended</u> <u>June 30,</u> <u>2007</u>	<u>Growth</u>
Revenues:			
Academic & Professional	\$ 201.3	\$ 156.7	28.5%
Gale	85.1	83.0	2.5%
International	57.3	45.5	25.9%
Total for Segments	343.7	285.2	NM
Corporate/eliminations	3.9	5.5	NM
Total Revenues	\$ 347.6	\$ 290.7	19.6%
Segment Operating Profit / EBITDA:			
Academic & Professional	\$ 50.7	\$ 9.2	451.1%
Gale	39.0	38.7	0.8%
International	4.2	(1.9)	NM
Total for Segments	93.9	46.0	NM
Corporate/eliminations	(17.0)	(27.9)	NM
Total Segment Operating Profit / EBITDA	\$ 76.9	\$ 18.1	324.9%
Segment Operating Profit / EBITDA Margin			
Academic & Professional	25.2%	5.9%	
Gale	45.8%	46.6%	
International	7.3%	-4.2%	
Total	22.1%	6.2%	

Note: Segment operating profit / EBITDA represents operating income (loss) before the amortization and impairment of identifiable intangible assets, depreciation, amortization of pre-publication costs, impairment of goodwill and the allocation of corporate management costs from TOC. Where applicable, prior year amounts have been reclassified for comparative purposes.

NM = Not meaningful



Cengage Learning
Investor Presentation for Period Ended June 30, 2008
Financial Information Reconciliation
Cumulative Period Reconciliation
(Dollars in millions)

	Year Ended Fiscal 2008			Predecessor Year Ended June 30, 2007	Growth
	Successor Period July 5, 2007 to June 30, 2008	Predecessor Period July 1, 2007 to July 4, 2007	Cumulative Period Ended June 30, 2008		
Revenues:					
Academic & Professional	\$ 1,135.3	\$ 14.6	\$ 1,149.9	\$ 1,045.3	10.0%
Gale	312.9	1.4	314.3	322.9	-2.7%
International	250.6	1.8	252.4	222.7	13.3%
Total for Segments	1,698.8	17.8	1,716.6	1,590.9	
Corporate/eliminations	6.7	0.1	6.8	23.0	
Total Revenues	\$ 1,705.5	\$ 17.9	\$ 1,723.4	\$ 1,613.9	6.8%
Segment Operating Profit / EBITDA:					
Academic & Professional	\$ 456.8	\$ 7.5	\$ 464.3	\$ 400.6	15.9%
Gale	139.9	(0.1)	139.8	136.6	2.3%
International	38.7	(0.3)	38.4	23.6	62.7%
Total for Segments	635.4	7.1	642.5	560.8	
Corporate/eliminations	(46.6)	(1.6)	(48.2)	(70.0)	
Total Segment Operating Profit / EBITDA	\$ 588.8	\$ 5.5	\$ 594.3	\$ 490.8	21.1%
Segment Operating Profit / EBITDA Margin					
Academic & Professional			40.4%	38.3%	
Gale			44.5%	42.3%	
International			15.2%	10.6%	
Total			34.5%	30.4%	

Note: Segment operating profit / EBITDA represents operating income (loss) before the amortization and impairment of identifiable intangible assets, depreciation, amortization of pre-publication costs, impairment of goodwill and the allocation of corporate management costs from TOC. Where applicable, prior year amounts have been reclassified for comparative purposes.

Cengage Learning
Investor Presentation for Period Ended June 30, 2008
Financial Information Reconciliation
Operating Income (Loss) Reconciliation
(Dollars in millions)

	<u>Successor</u> <u>Three Months</u> <u>Ended</u> <u>June, 30</u> <u>2008</u>	<u>Predecessor</u> <u>Three Months</u> <u>Ended</u> <u>June 30,</u> <u>2007</u>
Total segment operating profit / EBITDA	\$ 76.9	\$ 18.1
Less:		
Amortization of pre-publication costs	(28.1)	(24.6)
Allocation of management costs from TOC	-	(13.7)
Depreciation	(16.1)	(16.2)
Impairment of goodwill	(39.2)	-
Amortization and impairment of identifiable intangible assets	(52.2)	(10.2)
Operating loss from Continuing Operations	<u>\$ (58.7)</u>	<u>\$ (46.6)</u>

	<u>Year Ended Fiscal 2008</u>			<u>Predecessor</u> <u>Year</u> <u>Ended</u> <u>June 30,</u> <u>2007</u>
	<u>Successor</u> <u>Period</u> <u>July 5, 2007 to</u> <u>June, 30</u> <u>2008</u>	<u>Predecessor</u> <u>Period</u> <u>July 1, 2007 to</u> <u>July 4,</u> <u>2007</u>	<u>Cumulative</u> <u>Period Ended</u> <u>June, 30</u> <u>2008</u>	
Total segment operating profit / EBITDA	\$ 588.8	\$ 5.5	\$ 594.3	\$ 490.8
Less:				
Amortization of pre-publication costs	(130.7)	(0.9)	(131.6)	(124.9)
Allocation of management costs from TOC	-	(0.8)	(0.8)	(51.2)
Depreciation	(59.3)	(0.7)	(60.0)	(57.7)
Impairment of goodwill	(39.2)	-	(39.2)	-
Amortization and impairment of identifiable intangible assets	(212.7)	(0.3)	(213.0)	(43.6)
Operating income from Continuing Operations	<u>\$ 146.9</u>	<u>\$ 2.8</u>	<u>\$ 149.7</u>	<u>\$ 213.4</u>

Note: Segment operating profit / EBITDA represents operating income (loss) before the amortization and impairment of identifiable intangible assets, depreciation, amortization of pre-publication costs, impairment of goodwill and the allocation of corporate management costs from TOC. Where applicable, prior year amounts have been reclassified for comparative purposes.

Cengage Learning
Investor Presentation for Period Ended June 30, 2008
Financial Information Reconciliation
Free Cash Flow Reconciliation
(Dollars in millions)

	<u>Successor</u> <u>Three Months</u> <u>Ended</u> <u>June 30,</u> <u>2008</u>	<u>Predecessor</u> <u>Three Months</u> <u>Ended</u> <u>June 30,</u> <u>2007</u>
Net cash (used in) provided by operating activities of continuing operations	\$ (33.9)	\$ 30.5
Additions to pre-publication costs	(35.9)	(34.9)
Additions to property, equipment and capitalized software for internal use, net of dispositions	(13.2)	(19.5)
Free cash flow	<u>\$ (83.0)</u>	<u>\$ (23.9)</u>
Supplemental reconciliation of free cash flow to net change in cash and cash equivalents for the period:		
Free cash flow	\$ (83.0)	\$ (23.9)
Acquisitions of businesses, net of related financing arrangements	(37.8)	(1.7)
Capital infusion into equity investees	-	(5.2)
Repayments of long-term debt	(8.6)	(20.0)
Borrowings from TOC, net	-	36.3
Cash flows from discontinued operations	(2.1)	(4.6)
Other, net	(1.7)	(0.6)
Net decrease in cash and cash equivalents for the period	<u>\$ (133.2)</u>	<u>\$ (19.7)</u>

Note: Free cash flow represents net cash (used in) provided by operating activities of continuing operations less cash expenditure on additions to pre-publication costs and additions to property, equipment and capitalized software for internal use, net of dispositions.

Cengage Learning
Investor Presentation for Period Ended June 30, 2008
Financial Information Reconciliation
Free Cash Flow Reconciliation
(Dollars in millions)

	Year Ended Fiscal 2008			Predecessor Year Ended June 30, 2007
	Successor Period July 5, 2007 to June 30, 2008	Predecessor Period July 1, 2007 to July 4, 2007	Cumulative Period Ended June 30, 2008	
Net cash provided by operating activities of continuing operations	\$ 301.8	\$ 6.5	\$ 308.3	\$ 397.2
Additions to pre-publication costs	(123.9)	-	(123.9)	(123.0)
Additions to property, equipment and capitalized software for internal use, net of dispositions	(40.1)	-	(40.1)	(52.8)
Free cash flow	<u>\$ 137.8</u>	<u>\$ 6.5</u>	<u>\$ 144.3</u>	<u>\$ 221.4</u>

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

Free cash flow	\$ 144.3	\$ 221.4
Acquisitions of businesses, net of related financing arrangements	(47.7)	(40.3)
Capital infusion into equity investees	(0.8)	(10.4)
Repayments of long-term debt	(51.8)	(35.0)
Repayments to TOC, net	(23.4)	(134.6)
Cash flows from discontinued operations	(1.6)	(8.2)
Other, net	6.5	1.0
Net increase (decrease) in cash and cash equivalents for the period	<u>\$ 25.5</u>	<u>\$ (6.1)</u>

Note: Free cash flow represents net cash (used in) provided by operating activities of continuing operations less cash expenditure on additions to pre-publication costs and additions to property, equipment and capitalized software for internal use, net of dispositions.

Cengage Learning
Investor Presentation for Period Ended June 30, 2008
Financial Information Reconciliation
Adjusted EBITDA Reconciliation
(Dollars in millions)

	Successor Period July 5, 2007 to June 30, 2008	Predecessor Period July 1, 2007 to July 4, 2007	Cumulative Period Ended June, 30 2008
Net loss	\$ (525.2)	\$ 1.8	\$ (523.4)
Adjustments:			
Net loss (income) on discontinued operations	115.8	(0.1)	115.7
Interest expense	559.1	-	559.1
Interest income	(7.0)	-	(7.0)
Provision for income taxes	1.9	1.0	2.9
Depreciation	59.3	0.7	60.0
Amortization and impairment of identifiable intangible assets	212.7	0.3	213.0
Amortization of pre-publication costs	130.7	0.9	131.6
Impairment of goodwill	39.2	-	39.2
Equity losses of disposed investee, net of taxes	1.8	0.1	1.9
Purchase accounting impact on deferred revenue			20.2
Management fee			9.9
Non-cash equity-based compensation			5.6
Run rate cost savings			10.0
Transaction costs			8.9
Pro forma EBITDA from acquisitions			85.3
Non-recurring items and other			8.8
Allocation of management costs from TOC			0.8
Adjusted EBITDA			\$ 742.5