

**Cengage Learning**  
**Financial Information Reconciliation**  
**Adjusted EBITDA Reconciliation**  
*(Dollars in millions)*

	Years Ended December 31,			Fiscal	Last
	2004	2005	2006	Year Ended June 30, 2008	Twelve Months Ended September 30, 2008
Net income	\$ 84.2	\$ 82.3	\$ 124.2	\$ (523.4)	\$ (450.3)
Adjustments:					
Net loss (income) on discontinued operations	4.6	(4.3)	(5.4)	115.7	115.9
Interest expense	2.1	5.8	5.5	559.1	582.9
Interest income	-	-	-	(7.0)	(6.3)
Provision for income taxes	61.2	58.7	83.1	2.9	7.2
Depreciation	40.6	47.6	53.4	60.0	60.5
Amortization and impairment of identifiable intangible assets	38.2	39.1	40.4	213.0	203.3
Amortization of pre-publication costs	114.8	119.0	123.6	131.6	139.8
Impairment of goodwill	-	-	-	39.2	39.2
Equity losses of disposed investee, net of taxes	7.6	7.9	6.9	1.9	-
Purchase accounting impact on deferred revenue	-	-	-	20.2	14.5
Gain on early extinguishment of debt	-	-	-	-	(10.6)
Management fee	-	-	-	9.9	10.0
Non-cash equity-based compensation	-	-	-	5.6	7.2
Run rate cost savings	-	-	-	10.0	3.1
Interest Expense with TOC	74.4	87.3	36.1	-	-
Reorganization costs	1.0	4.7	9.8	-	-
Transaction costs	-	-	2.0	8.9	8.4
Pro forma EBITDA from acquisitions	-	-	-	85.3	32.3
Cost associated with change in corporate structure	13.6	12.1	10.1	-	-
Corporate allocations	35.1	45.6	58.1	-	-
Stand-alone costs	(24.3)	(25.2)	(27.8)	-	-
Non-recurring items and other	5.9	(4.2)	8.5	9.6	13.0
Adjusted EBITDA	<u>\$ 459.0</u>	<u>\$ 476.4</u>	<u>\$ 528.5</u>	<u>\$ 742.5</u>	<u>\$ 770.1</u>