

# CENGAGE LEARNING HOLDINGS II L.P.

## CURRENT REPORT

December 3, 2007

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As of the date of this report, Cengage Learning Holdings II L.P. was not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended. Consequently, this report has not and will not be filed with the Securities and Exchange Commission ("SEC").
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### Entry into a Material Definitive Agreement

On December 1, 2007, Cengage Learning Inc., a Delaware corporation and an indirect wholly-owned subsidiary of Cengage Learning Holdings II L.P. (together with its affiliates "Cengage Learning"), entered into an asset purchase agreement (the "Purchase Agreement") with Houghton Mifflin Company, a Massachusetts corporation ("Houghton Mifflin"). Pursuant to the Purchase Agreement, Cengage Learning, Inc. will acquire from Houghton Mifflin the assets of the Houghton Mifflin College Division for \$750 million in cash, subject to working capital and cash flow adjustments. The Purchase Agreement contains customary representations, warranties and covenants. The transaction is expected to close in the first half of 2008 subject to certain conditions and regulatory approvals.

The Royal Bank of Scotland plc will provide \$625 million of debt financing for the transaction, in the form of additional term loans under Cengage Learning's existing credit agreement. The remainder of the financing for the transaction will be provided by Apax Partners and OMERS Capital Partners through an additional equity investment. The transaction is expected to be accretive to current leverage levels.

A copy of the press release announcing the Purchase Agreement is attached as Exhibit 99.1 to this Report.

### Exhibits

<b>Exhibit No.</b>	<b>Description</b>
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99.1	Press Release dated December 3, 2007.
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## **News Release**

### **For Cengage Learning**

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## **Cengage Learning to Acquire Houghton Mifflin College Assets for \$750 Million**

**Stamford, CT, December 3, 2007** -- Cengage Learning today announced that it has signed a definitive agreement with Houghton Mifflin Company, under which Cengage Learning will acquire the assets of the Houghton Mifflin College Division (HM College) for \$750 million in cash. The acquisition is expected to close in the first half of 2008 upon satisfaction of regulatory approvals and other customary closing conditions.

Cengage Learning, formerly Thomson Learning, is one of the leading providers of print and digital instructional and reference materials for the higher education and library reference markets. The addition of the HM College assets will significantly expand and complement the range of textbooks, study guides, custom publications and digital solutions that Cengage Learning provides to professors and students in two- and four-year colleges and universities.

Under a long-term agreement that will be executed at closing of the transaction, Cengage and Houghton Mifflin will cooperate to expand the distribution of Cengage's college textbooks and related materials into the U.S. high school market, with particular emphasis on Advanced Placement and Honors programs.

"We're very pleased to acquire the well-respected assets of HM College, which are highly complementary to our existing business," said Ronald Dunn, President and CEO of Cengage Learning. "We look forward to combining the people, products and publishing programs of HM College and Cengage Learning to expand and enhance our range of services for students, instructors and institutions in the higher education market."

The Royal Bank of Scotland plc will provide \$625 million of debt financing for the transaction, in the form of additional term loans under Cengage Learning's existing credit agreement. The remainder of the financing for the transaction will be provided by Apax Partners and OMERS Capital Partners through an additional equity investment. The transaction is expected to be accretive to current leverage levels. Apax Partners, a global private equity firm with over \$35 billion under management, and OMERS Capital Partners acquired Cengage Learning from The Thomson Corporation in July 2007.

Cengage Learning was advised by Evercore Group, Simpson Thacher & Bartlett LLP and Freshfields Bruckhaus Deringer.

### **About Cengage Learning**

Cengage Learning, formerly Thomson Learning, delivers highly customized learning solutions for colleges, universities, professors, students, reference centers, government agencies, corporations and professionals

around the world. These solutions are delivered through specialized content, applications and services that foster academic excellence and professional development, as well as provide measurable learning outcomes to its customers. Cengage Learning's existing company and imprint brands include Heinle, Gale, Wadsworth, Delmar Learning, Brooks/Cole and South-Western, among others. For more information on Cengage Learning please visit [www.cengage.com](http://www.cengage.com).

### **About Apax Partners**

Apax Partners ([www.apax.com](http://www.apax.com)) is one of the world's leading private equity investment groups. It operates across the United States, Europe and Asia and has more than 30 years of investing experience. Funds under the advice of Apax Partners total in excess of \$35 billion around the world. These Funds provide long-term equity financing to build and strengthen world-class companies. Apax Partners Funds invest in companies across its global sectors of Tech & Telecom, Retail & Consumer, Media, Healthcare and Financial & Business Services.

Over the past ten years, Apax has been one of the most active investors in media and communications with over \$5.8 billion of equity invested. Recent investments include TDC (\$17.6 billion), Thomson Learning (\$7.8 billion), Intelsat (\$5.0 billion), CME (\$3.0 billion), Yell Group (\$3.0 billion), Trader Media Group (\$2.7 billion), VNU World Directories (\$2.6 billion) and Hit Entertainment (\$1.0 billion).

### **About OMERS Capital Partners**

OMERS Capital Partners is the entity responsible for the private equity investments of OMERS Administration Corporation ("OMERS"). OMERS is one of Canada's largest pension plans, with more than \$48 billion in assets invested around the globe in publicly-traded investments, real estate, infrastructure and private equity. Today, OMERS has in excess of \$3 billion invested in private equity investments. To learn more about OMERS, visit [www.omers.com](http://www.omers.com).

### **About Houghton Mifflin**

Boston-based Houghton Mifflin Company is one of the leading educational publishers in the United States, with more than \$1.4 billion in sales. The company publishes a comprehensive set of educational solutions, ranging from research-based textbook programs to instructional technology to standards-based assessments for elementary and secondary schools and colleges. The company also publishes an extensive line of reference works and award-winning fiction and nonfiction for adults and young readers. In 2006, Houghton Mifflin merged with Riverdeep, bringing together one of the most respected print publishers with the leader in interactive courseware. With origins dating back to 1832, Houghton Mifflin combines its tradition of excellence with a commitment to innovation. To learn more about Houghton Mifflin, visit [www.hmco.com](http://www.hmco.com).

### **Forward-Looking Statements**

Certain statements contained in this press release are considered, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and it is Cengage Learning's intent that such statements be protected by the safe harbor created thereby. These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events, particularly the statements concerning our agreement to purchase the assets of HM College (the "Asset Purchase"). These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "estimate," "plan," "project," "foresee," "likely," "will" or other words or phrases with similar meanings. Similarly, statements that describe our objectives, plans or goals are, or may be, forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be different from any future results, performance and anticipated achievements expressed or implied by these statements. In addition, forward-looking statements are subject to certain risks and uncertainties that could

cause actual results to differ materially from our historical experience and present expectations or projections. These risks and uncertainties include, but are not limited to, (i) the risk that the Asset Purchase may close more slowly than expected or not all, (ii) the risk that we may be unable to obtain regulatory approvals required for the Asset Purchase, or required regulatory approvals may delay closing of the Asset Purchase, (iii) the risk that the assets acquired in connection with the Asset Purchase will not be integrated successfully and (iv) the risk that the expected synergies and benefits from the Asset Purchase may not be fully realized or may take longer to realize than expected. Except as required by law, Cengage Learning expressly disclaims any obligation to update or revise any forward-looking statements contained in this press release, whether as a result of new information, future events or otherwise.

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