

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (as amended, supplemented, or otherwise modified from time to time, this “Agreement”) is made and entered into as of February 1, 2014, by and among: (i) Cengage Learning Acquisitions, Inc., Cengage Learning Holdco, Inc., Cengage Learning Holdings II, L.P., and Cengage Learning, Inc. as debtors and debtors in possession (collectively, the “Debtors”) in chapter 11 cases pending in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”) captioned *In re Cengage Learning, Inc.*, Case No. 13-44106 (ESS) (Bankr. E.D.N.Y.) (collectively, the “Chapter 11 Cases”); (ii) the undersigned lenders pursuant to, and the holders of economic interest or economic rights relating to, (each in its capacity as such, together with their permitted successors and assigns, each, a “Consenting Credit Agreement Lender”) that certain Credit Agreement, dated as of July 5, 2007, as subsequently amended by the Incremental Amendment, dated as of May 30, 2008 and the Amendment Agreement, dated as of April 10, 2012, and as further amended, modified, waived, or supplemented through the date hereof (as amended, the “First Lien Credit Facility”); (iii) JPMorgan Chase Bank, N.A., as successor administrative agent for the First Lien Credit Facility (in such capacity, and together with its permitted successors and assigns, each, a “Consenting First Lien Agent”); (iv) the undersigned noteholders pursuant to, and the holders of economic interest or economic rights relating to, (each in its capacity as such, together with their permitted successors and assigns, each, a “Consenting First Lien Noteholder”) that certain Indenture, dated as of April 10, 2012, providing for the issuance of 11.5% Senior Secured Notes due 2020 (as further amended, modified, waived, or supplemented through the date hereof, the “First Lien Indenture”); (v) the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases (the “Committee”); (vi) the undersigned noteholders (each in its capacity as such, together with their permitted successors and assigns, each, a “Consenting Second Lien Noteholder”) pursuant to that certain Indenture dated July 5, 2012, providing for the issuance of 12.00% Senior Secured Second Lien Notes due 2019 (the “Second Lien Indenture”); (vii) CSC Trust Company of Delaware, as successor indenture trustee for the Second Lien Indenture (in such capacity, and together with its permitted successors and assigns, each, a “Consenting Second Lien Trustee”); (viii) the undersigned investment funds and accounts managed by Centerbridge Partners, L.P. (“Centerbridge”) (together with its permitted successors and assigns, each, a “Consenting Centerbridge Lender”); (ix) the undersigned investment funds and accounts managed or advised by Apax Partners, L.P. (“Apax”) (together with its permitted successors and assigns, each, a “Consenting Apax Party”), in their respective several (and not joint and several) capacities as holders of equity interests in the Debtors, lenders pursuant to the First Lien Credit Facility, noteholders pursuant to the First Lien Indenture, noteholders pursuant to the Second Lien Indenture, noteholders pursuant to the Senior Notes Indenture, and noteholders pursuant to that certain Indenture dated as of July 5, 2007, providing for the issuance of 13.25% Senior Subordinated Discount Notes due 2015, as applicable; (xi) Wilmington Trust, N.A., as successor trustee (in such capacity, and together with its permitted successors and assigns, the “Consenting Senior Unsecured Notes Trustee”) pursuant to that certain indenture dated July 5, 2007, providing for the issuance of 10.50% Senior Notes due 2015 (the “Senior Notes Indenture”); and (x) Wells Fargo Bank National Association, as trustee (in such capacity, and together with its permitted successors and assigns, the “Consenting PIK Notes Trustee”) pursuant to that certain indenture dated October 31, 2008, providing for the issuance of 13.75% Senior PIK Notes due 2015 (the “PIK Notes Indenture”). The Consenting Credit Agreement

Lenders, the Consenting First Lien Agent, the Consenting First Lien Noteholders, the Committee, the Consenting Second Lien Noteholders, the Consenting Second Lien Trustee, the Consenting Centerbridge Lenders, the Consenting Apex Parties, the Consenting Senior Unsecured Notes Trustee and the PIK Notes Trustee, and any subsequent person or entity that becomes a party hereto in accordance with the terms hereof are referred herein as the “Supporting Parties” and each a “Supporting Party.” The Debtors and the Supporting Parties, and any subsequent person or entity that becomes a party hereto in accordance with the terms hereof, are referred herein as the “Parties” and individually as a “Party.”

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the plan term sheet attached hereto as Exhibit A, which term sheet and all annexes thereto are expressly incorporated by reference herein and made a part of this Agreement as if fully set forth herein (as such term sheet, including all exhibits and annexes thereto, may be amended or modified in accordance with Section 7 hereof, the “Plan Term Sheet”), or if not defined therein, as defined in the Amended Plan.

## RECITALS

**WHEREAS**, subject to the terms hereof, the Parties have agreed to support a modified plan of reorganization that implements a settlement of various disputes, including, but not limited to, inter-creditor and inter-Debtor issues, in the Chapter 11 Cases pursuant to the terms and conditions set forth in accordance with this Agreement and in the Plan Term Sheet attached hereto as Exhibit A, which Plan Term Sheet is the product of extensive, arm’s-length, good faith discussions between the Parties, including multiple mediation sessions held between and among the Parties and the Honorable Judge Robert D. Drain pursuant the *Order Appointing the Honorable Robert D. Drain, United States Bankruptcy Judge for the Southern District of New York to serve as Mediator in these Chapter 11 Cases* [Docket No. 518];

**WHEREAS**, prior to the Parties entering into this Agreement, the Debtors filed the *Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 780] (as amended, supplemented, or otherwise modified from time to time prior to the date of this Agreement, the “Existing Plan”);

**WHEREAS**, on December 6, 2013, the Debtors distributed the *Disclosure Statement for the Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 782] (as amended, supplemented, or otherwise modified from time to time, the “Disclosure Statement”) to commence solicitation of votes on the Existing Plan;

**WHEREAS**, subject to the terms hereof, the Existing Plan will be modified to incorporate the terms provided in this Agreement and the Plan Term Sheet (the “Amended Plan”);

**WHEREAS**, the modifications to the Existing Plan contemplated by the Plan Term Sheet and this Agreement will be implemented through the Amended Plan;

**WHEREAS**, the Debtors are prepared to perform their obligations hereunder subject to the terms and conditions hereof, including, among other things, seeking (a) Bankruptcy Court

approval of an order approving (i) the Debtors' entry into this Agreement and (ii) a modified Disclosure Statement pursuant to sections 1125 and 1126 of the Bankruptcy Code as soon as reasonably practicable (the "Approval Order") and (b) confirmation of the Amended Plan and approval of the settlements described therein in connection with the confirmation hearing (the "Confirmation Hearing");

**WHEREAS**, the Supporting Parties are prepared to perform their obligations hereunder subject to the terms and conditions of this Agreement, including, among other things, supporting the Amended Plan and working with the Debtors to obtain Bankruptcy Court approval of the Amended Plan and such settlements related thereto at the Confirmation Hearing;

**WHEREAS**, in expressing such support and commitment, the Supporting Parties recognize that certain undertakings contemplated by this Agreement are subject to the requirements of applicable bankruptcy law; and

**WHEREAS**, each Party has reviewed or has had the opportunity to review the Plan Term Sheet and each Supporting Party has agreed to support the Amended Plan pursuant to the terms set forth in the Plan Term Sheet and the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

## **AGREEMENT**

### **Section 1. Agreement Effective Date; Conditions to Effectiveness.**

This Agreement shall be effective and binding (a) with respect to the Supporting Parties (other than the Committee) immediately upon obtaining the signatures from all Supporting Parties, and (b) with respect to each of the Debtors and the Committee, automatically upon entry of the Approval Order retroactively to the date of this Agreement; provided, however, that this Agreement shall be effective and binding upon each of the Debtors and/or the Committee to the extent permitted by applicable law immediately upon obtaining the signatures from all Parties (the "Effective Date"). The Debtors shall seek and obtain entry of the Approval Order pursuant to Sections 6.01(a) and 6.01(b) hereof. Upon the Effective Date of this Agreement, the Plan Term Sheet shall be deemed effective with respect to the respective Parties for the purposes of this Agreement, and thereafter the terms and conditions therein may only be amended, modified, waived, or otherwise supplemented as set forth in Section 7 herein.

### **Section 2. Plan Term Sheet.**

The Plan Term Sheet is expressly incorporated herein and is made part of this Agreement. The general terms and conditions of the modifications to the Existing Plan are set forth in the Plan Term Sheet; provided, however, the Plan Term Sheet is supplemented by the terms and conditions of this Agreement. In the event of any inconsistency between the terms of

this Agreement and the Plan Term Sheet, the conflicting term of the Plan Term Sheet shall control and govern subject to the terms of Section 6.03.

### **Section 3. Amended Plan.**

Each Party acknowledges and agrees that the terms and conditions expressly set forth in the Plan Term Sheet are acceptable in all respects. The Amended Plan and all other Definitive Documents (as defined herein) shall be on the terms set forth in the Existing Plan, subject to and as modified to be consistent with this Agreement and the Plan Term Sheet.

### **Section 4. Commitments Regarding the Amended Plan.**

4.01. Agreement of the Supporting Parties. Subject to the terms and conditions hereof, and for so long as this Agreement has not been terminated in accordance with the terms hereof by or as to a Supporting Party, each such Supporting Party, solely with respect to itself, as applicable, agrees to comply with the following covenants:

(a) Consummation of the Transaction.

(i) Each of the Supporting Parties hereby covenants and agrees to support confirmation of the Amended Plan pursuant to the terms set forth in the Existing Plan, subject to and as modified to be consistent with this Agreement and the Plan Term Sheet, including the solicitation, confirmation, and consummation of the Amended Plan, as may be applicable, and to the extent necessary, hereby directs and/or instructs any Prepetition Indenture Trustee, as applicable, to not take any actions inconsistent with this Agreement and/or the Plan Term Sheet;

(ii) The Committee hereby covenants and agrees to (A) include in the supplemental solicitation package to be distributed upon entry of the Approval Order, a letter in support of confirmation, and (B) submit a statement to the Bankruptcy Court in support of confirmation;

(iii) Each of the (A) Consenting Credit Agreement Lenders; (B) Consenting First Lien Noteholders; (C) Consenting Second Lien Noteholders; (D) Consenting Centerbridge Lenders; and (E) Consenting Apax Parties (collectively, the "Consenting Holders") hereby covenant and agree to (x) disclose in their respective signature pages attached hereto all claims, as such term is defined in section 101(5) of the Bankruptcy Code (including any subsequently acquired claims, each a "Claim" and collectively the "Claims") that it holds, controls, or has the ability to control, against the Debtors, which Claim amounts shall be redacted in any version of this Agreement distributed to the Supporting Parties, filed or otherwise made public and the Debtors shall keep such Claim amounts confidential, (y) subject to Section 4.01(b)(ii) hereof, timely vote or cause to be voted all such Claims that it holds, controls, or has the ability to control, to accept the Amended Plan by delivering its duly executed and completed ballot or ballots, as applicable, accepting the Amended Plan on a timely basis pursuant to the ongoing solicitation of votes in accordance with

sections 1125 and 1126 of the Bankruptcy Code; and (z) not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); provided, however, that the vote of a Supporting Party shall be immediately revoked and deemed *void ab initio* upon termination of this Agreement as to such Supporting Party pursuant to the terms hereof; provided, further, however, that as used herein, Claims shall not include any Claim held in a fiduciary capacity or held by any other division, distinct business unit or trading desk of such Supporting Party (other than the division, business unit or trading desk expressly identified on the signature pages hereto) whose activities in connection with the administration of such Claim are separated from and not coordinated with such Supporting Parties' activities, unless and until such division, business unit or trading desk is or becomes a party to this Agreement;

(iv) Each of the Supporting Parties hereby covenants and agrees (A) not to object to, or vote or cause to be voted (to the extent applicable) any of its Claims that it holds, controls, or has the ability to control, to reject the Amended Plan, or (B) otherwise commence any proceeding to oppose the Amended Plan or object to confirmation thereof;

(v) Each of the Supporting Parties hereby covenants and agrees to not directly or indirectly (A) seek, solicit, support, encourage, or vote or cause to be voted (to the extent applicable) its Claims for, consent to, or encourage any plan of reorganization, proposal, offer, dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets, or restructuring for any of the Debtors other than the Amended Plan, or (B) take any other action, including by directing or instructing any Prepetition Indenture Trustee, that is inconsistent with, or that would delay or obstruct the proposal, solicitation, confirmation, or consummation of the Amended Plan; and

(vi) Each of the Supporting Parties hereby covenants and agrees that as of the Effective Date of this Agreement, it will take all actions necessary to effectuate the agreement among all Parties that (A) all pending investigation, discovery, litigation, and contested matters by and among the Supporting Parties and/or by and among any of the Supporting Parties and the Debtors, including any pending adversary proceedings and contested matters and, subject to Section 4.01(c)(c)(ii) herein, the investigation deadlines set forth in paragraph 3 of the *Order Amending Final Order Authorizing the Use of Cash Collateral and Granting Adequate Protection to Prepetition Secured Parties* [Docket No. 591] (as further amended, the "Cash Collateral Amendment Order"), shall be stayed and all deadlines with respect to the foregoing, shall be tolled for all purposes pending the earlier of (i) the termination of this Agreement in accordance with the provisions hereof and/or (ii) the consummation of the Amended Plan; and (B) all ongoing litigation, including any pending adversary proceedings, by and among the Supporting Parties and/or by and among any of the Supporting Parties and the Debtors related to the Existing Plan, the Amended Plan, and/or the Debtors and the Chapter 11 Cases shall be dismissed with prejudice upon the effective date of

the Amended Plan (the “Plan Effective Date”); provided, however, that nothing in this Section 4.01(a)(iv) shall apply to pending litigation between any Party and any non-Party and pending discovery in connection therewith.

provided, however, that, this Agreement, including the foregoing provisions of this Section 4.01(a) will not (A) limit the rights of the Supporting Parties to appear and participate as a party in interest in any matter to be adjudicated in the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement, the Plan Term Sheet, or the terms of the proposed Amended Plan, and, other than as a result of actions or omissions any such Supporting Party takes or does not take in good faith to enforce its rights under this Agreement, the Plan Term Sheet, or the terms of the proposed Amended Plan, do not hinder, delay or prevent consummation of the proposed Amended Plan; (B) prohibit the Supporting Parties from appearing in proceedings for the purpose of contesting whether any matter or fact is or results in a breach of, or is inconsistent with, this Agreement (so long as such appearance is not for the purpose of hindering or intending to hinder, the Amended Plan) or for the purpose of taking such action as may be necessary in the discretion of such Supporting Party to protect such Supporting Party’s interests upon such breach; provided, further that the Parties hereby reserve their rights to oppose such relief; provided, further that except as expressly provided herein, this Agreement and all communications and negotiations among the Supporting Parties with respect hereto or any of the transactions contemplated hereunder are without waiver or prejudice to the Supporting Parties’ rights and remedies and the Supporting Parties hereby reserve all claims, defenses and positions that they may have with respect to each other and/or the Debtors in the event the Amended Plan is not consummated or this Agreement terminates; and (C) limit the ability of a Supporting Party to sell or enter into any transactions in connection with the Claims or any other claims against or interests in the Debtors, subject to the terms of Section 4.01(b) hereof.

Notwithstanding the foregoing, nothing in this Agreement shall prevent the Committee from taking or failing to take any action that it is obligated to take in the performance of its statutory or fiduciary duties or as otherwise required by the Bankruptcy Code or applicable law; provided, however that it is agreed any such actions that result in a Termination Event shall be subject to the provisions of Sections 6.01 and 6.03 hereof. The Committee represents to each Supporting Party (without giving consideration or effect to the immediately preceding sentence) that as of the Effective Date of this Agreement, the Committee’s entry into this Agreement is consistent with the Committee’s fiduciary duties based upon the facts and circumstances actually known by the Committee as of the Effective Date of this Agreement.

Notwithstanding anything to the contrary contained herein or the Plan Term Sheet, if the respective noteholders direct either the Consenting Second Lien Trustee, Consenting Senior Unsecured Notes Trustee or the Consenting PIK Notes Trustee to take other action in these Chapter 11 Cases, including regarding the Amended Plan, that is inconsistent with such Trustees’ agreement hereunder, then the Consenting Second Lien Trustee, the Consenting Senior Unsecured Notes Trustee or the Consenting PIK Notes Trustee, as the case may be, shall be entitled (but not required), upon the giving of prompt notice to the

other Parties hereto (a “Direction Notice”), to follow the direction of such noteholders, and, upon the provision of a Direction Notice by any Trustee, such Trustee (i) shall no longer be bound by the terms of this Agreement and the Plan Term Sheet, (ii) shall no longer be entitled to the benefits thereunder, including the provisions regarding (x) “Payment of Certain Non-Estate Professional Fees” and (y) Release, Exculpation and Indemnification, (iii) solely with respect to the holders of PIK Notes Claims, the provision of a Direction Notice shall be deemed a waiver of any distribution under the Amended Plan, and (iv) shall be entitled to object to and otherwise oppose the Amended Plan and take any other action in these Chapter 11 Cases as if they had not entered into this Agreement; provided, that, notwithstanding the foregoing, to the extent any such actions taken by the Consenting Second Lien Trustee, Consenting Senior Unsecured Notes Trustee, or the PIK Notes Trustee would have resulted in a Termination Event to the extent such Party were still a party to this Agreement, such actions shall be deemed a Termination Event hereunder pursuant to Section 6.01 hereof. For the avoidance of doubt, notwithstanding the foregoing, the Consenting Second Lien Trustee, the Consenting Senior Unsecured Notes Trustee, or the Consenting PIK Notes Trustee shall retain all rights to assert their charging lien under the applicable trust documents.

(b) Transfers of Securities and Interests.

(i) Except as expressly provided herein, this Agreement shall not in any way restrict the right or ability of any Supporting Party (to the extent applicable) to sell, use, assign, transfer, encumber, pledge or otherwise dispose of (“Transfer”) any of its Claims; provided, however, that for the period commencing as of the date such Supporting Party executes this Agreement until termination of this Agreement, no Supporting Party shall Transfer any Claims or rights with respect to its Claims and any purported Transfer of any Claims or rights with respect to such Claims shall be void and without effect, unless (A) the transferee is a Supporting Party or (B) if the transferee is not a Supporting Party, at or prior to closing of the Transfer, such transferee delivers to the Debtors, at or prior to the time of the proposed Transfer, an executed copy of a transfer and joinder agreement substantially in the form of Exhibit B attached hereto (the “Transfer and Joinder Agreement”) pursuant to which such transferee shall assume and agree to comply with all obligations of a Supporting Party hereunder (such transferee, if any, to also become a Supporting Party hereunder). For the avoidance of doubt, all Claims held or controlled by any Supporting Party, regardless of whether acquired before or after the date of this Agreement shall be subject to, and shall be treated in accordance with, the terms of this Agreement. Any Transfer that does not comply with the foregoing shall be deemed void *ab initio*. This Agreement shall in no way be construed to preclude the Supporting Parties from acquiring additional Claims; provided, that such additional Claims are required to be treated in accordance with the terms of this Agreement. The Consenting First Lien Agent shall have no obligation to track whether any First Lien Claims (as defined in the Existing Plan) are subject to the terms hereof.

(ii) Notwithstanding anything herein to the contrary, (A) any Supporting Party may transfer (by purchase, sale, assignment, participation or

otherwise) any right, title or interest in such Claims against the Debtors to an entity that is acting in its capacity as a Qualified Marketmaker (as defined below) without the requirement that the Qualified Marketmaker be or become a Supporting Party, provided that the Qualified Marketmaker subsequently transfers (by purchase, sale, assignment, participation or otherwise) the right, title or interest in such Claims against the Debtors to a transferee that is or becomes a Supporting Party by executing a Transfer and Joinder Agreement to the extent required by Section 4.01(b)(i), and (B) to the extent that a Supporting Party is acting in its capacity as a Qualified Marketmaker, it may transfer (by purchase, sale, assignment, participation or otherwise) any right, title or interest in such Claims against the Debtors that the Qualified Marketmaker acquires from a holder of the Claims who is not a Supporting Party without the requirement that the transferee be or become a Supporting Party. To the extent a Supporting Party transfers its rights, title, or interest in Claims to an entity that it believes, in good faith, is a Qualified Marketmaker, and such Qualified Marketmaker subsequently transfers the right title or interest in such Claims to a transferee that is not and does not become a Supporting Party, the Supporting Party that transferred its rights, title, or interest in Claims to the Qualified Marketmaker shall not be held liable for any claims or causes of action or subject to any remedies arising under this Agreement (including pursuant to Section 9.15 herein) relating to such transfer, provided that such Supporting Party requests that such Claims shall be transferred in accordance with this Section 4.01(b)(ii).

(iii) For these purposes, a “Qualified Marketmaker” means an entity that (A) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers claims against the Debtors (including debt securities or other debt) or enter with customers into long and short positions in claims against the Debtors (including debt securities or other debt), in its capacity as a dealer or market maker in such claims against the Debtors, and (B) is in fact regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

(c) Extension of Plan Exclusivity and Use of Cash Collateral.

(i) Unless this Agreement is terminated pursuant to the terms hereof, to the extent necessary to consummate the Amended Plan, the Supporting Parties covenant and agree, severally and not jointly, to not directly or indirectly (A) challenge the Debtors’ request for an extension of (x) the exclusive periods to solicit votes on and confirm a plan of reorganization, or (y) the periods set forth in paragraphs 1 and 2 of the Cash Collateral Amendment Order; or (B) take any other action that would interfere with the Debtors’ exclusivity or consensual use of cash collateral on the same terms and conditions set forth in the *Final Order Authorizing the Use of Cash Collateral and Granting Adequate Protection to Prepetition Secured Parties* [Docket No. 303] (the “Cash Collateral Order”), as amended by the Cash Collateral Amendment Order, such that it would delay or obstruct the proposal, solicitation, confirmation, or consummation of the Amended Plan.



(ii) To the extent necessary to consummate the Amended Plan, the Supporting Parties covenant and agree that (A) that the dates set forth in paragraphs 1 and 2 of the Collateral Amendment Order shall be hereby extended until the earlier of (x) five (5) days after receipt by the Parties of notice of a Termination Event and (y) the Plan Effective Date, and (B) that the investigation termination deadlines as set forth in paragraph 3 of the Cash Collateral Amendment Order shall be extended as follows: (x) deadline to seek standing to assert certain challenges or claims to the date that is twenty-one (21) days after receipt by the Parties of notice of a Termination Event; (y) deadline by which the Committee must have been granted standing to the date that is forty (40) days after receipt by the Parties of notice of a Termination Event; and (z) the Investigation Termination Date (as defined in the Cash Collateral Order) to the date that is two (2) days after entry of an order regarding standing; provided however, that nothing in the Agreement shall restrict or limit or be deemed to restrict or limit the Committee's ability to seek additional extensions as provided under the Cash Collateral Order and the Cash Collateral Amendment Order.

#### 4.02. Obligations of the Debtors.

(a) Affirmative Covenants. Subject to the terms and conditions hereof, and for so long as this Agreement has not been terminated in accordance with the terms hereof, each of the Debtors covenant and agree to:

(i) Complete the revisions and preparation, of the Amended Plan and any related documents, distribute such documents concurrently to the Supporting Parties, and afford reasonable opportunity to comment and review to the respective legal and financial advisors for the Supporting Parties in advance of any filing thereof;

(ii) (A) Support and take all actions reasonably necessary or requested by the Supporting Parties to facilitate the solicitation, confirmation, and consummation of the Amended Plan; (B) not take any action or commence or continue any proceeding that is inconsistent with, or that would delay or impede the solicitation, confirmation, or consummation of the Amended Plan; and (C) support the payment, release, exculpation, and injunction provisions set forth in the Plan Term Sheet and the Amended Plan;

(iii) Operate its business in the ordinary course, including, but not limited to, maintaining its accounting methods, using its commercially reasonable efforts to preserve its assets and its business relationships, continuing to operate its billing and collection procedures, using its commercially reasonable efforts to retain key employees, and maintaining its business records in accordance with its past practices;

(iv) Timely file a formal objection to any motion filed with the Bankruptcy Court by a third party seeking the entry of an order (A) directing the appointment of an examiner with expanded powers to operate the Debtors'

businesses pursuant to section 1104 of the Bankruptcy Code or a trustee, (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (C) dismissing the Chapter 11 Cases; or (D) modifying or terminating the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization;

(v) As of the date of this Agreement, take all actions necessary to effectuate the agreement among all Parties that (A) all pending investigations, discovery, and litigation, including any pending adversary proceedings and contested matters, by and among the Supporting Parties and/or by and among any of the Supporting Parties and the Debtors, shall be stayed and all deadlines, including, subject to Section 4.01(c)(ii) herein, all investigation termination deadlines set forth in paragraph 3 of the Cash Collateral Amendment Order, with respect to the foregoing, shall be tolled for all purposes pending the earlier of the termination of this Agreement in accordance with the provisions hereof and the consummation of the Amended Plan; and (B) all ongoing litigation, including any pending adversary proceedings, by and among the Supporting Parties and/or by and among any of the Supporting Parties and the Debtors related to the Existing Plan, the Amended Plan, and/or the Debtors and the Chapter 11 Cases shall be dismissed with prejudice upon the Plan Effective Date; provided, however, that nothing in this Section 4.02(a)(v) shall apply to pending litigation between a Party and a non-Party and pending discovery in connection therewith;

(vi) If the Debtors know or should know of a breach by any Debtor in any respect of any of the obligations, representations, warranties, or covenants of the Debtors set forth in this Agreement, furnish prompt written notice (and in any event within three (3) business days of such actual knowledge) to the Supporting Parties; and

(vii) Promptly reconcile, challenge, object or otherwise resolve material, disputed or contingent General Unsecured Claims or General Unsecured Claims in excess of \$1 million and not settle or compromise any such General Unsecured Claims without the consent of the Committee, which consent will not be unreasonably withheld.

(b) Negative Covenants. Subject to the terms and conditions hereof, and for so long as this Agreement has not been terminated in accordance with the terms hereof, each of the Debtors shall not, directly or indirectly, permit to occur any of the following:

(i) Modify the Amended Plan, in whole or in part, in a manner that is materially inconsistent with the Existing Plan, subject to and as modified to be consistent with this Agreement or the Plan Term Sheet;

(ii) Take any action that is materially inconsistent with this Agreement or the Plan Term Sheet, or that would delay or obstruct the proposal, solicitation, confirmation, or consummation of the Revised Plan;

(iii) Withdraw or revoke the Amended Plan or publicly announce its intention not to pursue the Amended Plan;

(iv) Split, combine, or reclassify any outstanding shares of its capital stock or other equity interests, or declare, set aside or pay any dividend or other distribution payable in cash, stock, property, or otherwise with respect to any of its equity interests;

(v) Redeem, purchase, or acquire or offer to acquire any of its equity interests, including, without limitation, capital stock, limited liability company interests, or partnership interests; or

(vi) Acquire or divest (by merger, exchange, consolidation, acquisition of stock or assets, or otherwise) (A) any corporation, partnership, limited liability company, joint venture, or other business organization or division or (B) the Debtors' assets other than in the ordinary course of business.

Notwithstanding anything in this Section 4.02, nothing in this Agreement shall prevent any of the Debtors from taking or failing to take any action that it is obligated to take (or not take, as the case may be) in the performance of any fiduciary duty or as otherwise required by applicable law which such Debtor owes to any other person or entity under applicable law, provided, that it is agreed that any such action that results in a Termination Event hereunder shall be subject to the provisions set forth in Sections 6.01 and 6.03 hereto. Each of the Debtors represents to the Supporting Parties (without giving consideration or effect to the immediately preceding sentence) that as of the Effective Date of this Agreement, based on the facts and circumstances actually known by the Debtors as of the Effective Date of this Agreement, the Debtors' entry into this Agreement is consistent with all of the fiduciary duties of each of the Debtors.

#### 4.03. Definitive Documents.

Each Party hereby covenants and agrees, severally and not jointly, to (A) negotiate in good faith each of the documents implementing, achieving and relating to the Amended Plan, including without limitation, (x) the Amended Plan, any amended disclosure statement and solicitation materials related thereto, and the Approval Order (y) the Plan Supplement, and (z) the proposed order approving and confirming the Amended Plan, including the settlements described therein (the "Confirmation Order") (x) through (z), (collectively, the "Definitive Documents"), which Definitive Documents shall contain terms and conditions consistent in all respects with the Existing Plan, subject to and as modified to be consistent with the Plan Term Sheet and this Agreement, and (B) execute (to the extent such Party is a party thereto) and otherwise support the Definitive Documents. All Parties shall have the right to review and comment on the Definitive Documents, and such Definitive Documents shall be reasonably acceptable to the Parties in form and substance prior to filing with the Bankruptcy Court or otherwise approved by the Bankruptcy Court after filing if any Party shall have unreasonably withheld its acceptance; provided, however, that notwithstanding the foregoing, the (a) the identity of the members of the New Board and the nature and compensation for any member of the New Board who is an "insider" under section 101(31) of the Bankruptcy Code, (b) the form

of the Exit Revolver Facility Documents, (c) the form of the New Debt Facility Documents, (d) the New Corporate Governance Documents, (e) the management employment agreements, as amended, and (f) the Management Incentive Plan, need only be reasonably acceptable to the Debtors and the “Required Consenting Lenders” (as such term is defined in the Existing Plan); provided, however, that the Shareholders Agreement and the other New Corporate Governance Documents shall not unreasonably and adversely affect any Holder of New Equity in the exercise of its rights as a Holder of New Equity.

In no event shall the Amended Plan or the Definitive Documents decrease directly, or indirectly, the Other Unsecured Creditor Distribution or the economic treatment of the Second Lien Notes, Senior Notes, the PIK Notes or Holders of General Unsecured Claims provided for under the Plan Term Sheet.

#### 4.04. Investment Manager Limitation.

The obligations of any Consenting Credit Agreement Lender, Consenting First Lien Noteholder, Consenting Second Lien Noteholder, Consenting Centerbridge Lender and/or Consenting Apax Party in this Agreement are limited to, in the case of investment advisors, the Claims controlled by such investment manager in the funds or accounts it manages.

### **Section 5. Representations and Warranties.**

5.01. Mutual Representations and Warranties. Subject to Section 4.04 hereof, each of the Parties, severally (and not jointly), represents, warrants, and covenants to each other Party (to the extent applicable), as of the date of this Agreement, as follows (each of which is a continuing representation, warranty, and covenant):

(a) It is validly existing and in good standing under the laws of the state or other jurisdiction of its organization or under the Bankruptcy Code, and this Agreement is a legal, valid, and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable laws;

(b) Except as expressly provided in this Agreement, it has all requisite direct or indirect power and authority to enter into this Agreement and to carry out the Amended Plan contemplated by, and perform its respective obligations under, this Agreement;

(c) The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part and no consent, approval or action of, filing with or notice to any governmental or regulatory authority is required in connection with the execution, delivery and performance of this Agreement; and

(d) It has been represented by legal counsel of its choosing in connection with this Agreement and the transactions contemplated by this Agreement, has had the opportunity to review this Agreement with its legal counsel and has not relied on any statements made by any other Party or its legal counsel as to the meaning of any term or condition contained herein or in deciding whether to enter into this Agreement or the transactions contemplated hereof.

## **Section 6. Termination Events.**

6.01. Supporting Party Termination Events. Any Supporting Party may terminate its obligations and liabilities under this Agreement upon three (3) business days prior written notice delivered to the Parties identified in Section 9.11 and in accordance with Section 9.11 hereof, upon the occurrence and continuation of any of the following events (each, a “Supporting Party Termination Event”):

(a) the Debtors do not file a motion with Bankruptcy Court seeking entry of approval of the Approval Order in accordance with the terms of Section 4.03, on or before February 7, 2014;

(b) the Bankruptcy Court fails to enter an order approving the Approval Order on or before February 21, 2014, which shall provide for a 25 calendar day solicitation period;

(c) the Debtors do not file the Amended Plan in accordance with the terms of Section 4.03, on or before February 7, 2014;

(d) the Bankruptcy Court (i) enters an order denying confirmation of the Amended Plan, or (ii) fails to enter the Confirmation Order in accordance with the terms of Section 4.03, approving the Amended Plan on or before March 14, 2014;

(e) the Plan Effective Date shall not have occurred by March 31, 2014;

(f) the breach or noncompliance in any respect by any of the Debtors or Supporting Parties of (or failure to satisfy) any of the obligations, representations, warranties, or covenants of such Party set forth in this Agreement (including, without limitation, in Sections 4.01, 4.02, and 4.03 hereto) that remains uncured for five (5) business days after the receipt by the breaching Party of written notice of such breach, but solely to the extent such breach or noncompliance is materially adverse to such Supporting Party or materially affects the ability of the Debtors or the Supporting Parties from consummating the transactions contemplated herein;

(g) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling or order enjoining the consummation of the Amended Plan in a way that cannot be reasonably remedied by the Debtors or would have a material adverse effect on consummation of the Amended Plan;

(h) the Bankruptcy Court enters an order (i) directing the appointment of an examiner with expanded powers to operate the Debtors’ businesses pursuant to section 1104 of the Bankruptcy Code or a trustee in any of the Chapter 11 Cases, (ii) converting any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or (iii) dismissing any of the Chapter 11 Cases;

(i) the Bankruptcy Court enters an order terminating the Debtors’ exclusive right to file a plan of reorganization pursuant to section 1121 of the Bankruptcy Code;

(j) exercise by any of the Debtors of its “fiduciary out” as debtors-in-possession as provided for in Section 4.02 and 9.10 of this Agreement; and

(k) exercise by the Committee of their “fiduciary out” as provided for in Section 4.01 and Section 9.10 hereof.

6.02. Debtors Termination Events. The Debtors may terminate their obligations and liabilities under this Agreement upon three (3) business days prior written notice delivered to the Parties identified in Section 9.11 in accordance with Section 9.11 hereof, upon the occurrence of any of the following events (each, a “Debtor Termination Event” and together with the Supporting Party Termination Events, the “Termination Events,” and each a “Termination Event”):

(a) the material breach by any of the Supporting Parties of any of the obligations, representations, warranties, or covenants of such Supporting Parties set forth in this Agreement that would have a material adverse impact on the consummation of the Amended Plan (taken as a whole) that remains uncured for a period of five business days after the receipt by the breaching Supporting Parties of written notice of such breach from the Debtors;

(b) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final, non-appealable ruling or order that would have a material adverse impact on the consummation of the Amended Plan (taken as a whole); or

(c) any one or more of the Debtors’ determination that proceeding with the transactions contemplated by this Agreement would be inconsistent with the continued exercise of their fiduciary duties.

6.03. Effect of Termination.

(a) Upon any termination of this Agreement by any Party under Section 6.01 or 6.02, (i) this Agreement shall be of no further force and effect and each Party hereto shall be released from its commitments, undertakings, and agreements under or related to this Agreement and the Plan Term Sheet, including without limitation, any obligation of the terminating Supporting Party, to support, consent, vote for, agree to or not object to any provision in the Plan Term Sheet or the Amended Plan, to waive, release, or limit any of such Supporting Party’s Claims against the Debtors, the Reorganized Debtors, or any other entity or person, and shall have the rights and remedies that it would have had it not entered into this Agreement, and shall be entitled to take all actions, whether with respect to the Amended Plan or otherwise, that it would have been entitled to take had it not entered into this Agreement, and any tolling pursuant to Section 4.01(a)(vi) and Section 4.02(a)(v) shall cease, and (ii) any and all consents and ballots tendered by the Supporting Parties prior to such termination shall be deemed, for all purposes, automatically to be null and void *ab initio*, shall not be considered or otherwise used in any manner by the Parties in connection with the Amended Plan and this Agreement or otherwise and such consents or ballots may be changed or resubmitted regardless of whether the applicable voting deadline has passed (without the need to seek a court order or consent from the Debtors allowing such change or resubmission); provided, however, that the agreements and obligations of the Parties in Sections 9.10 and 9.22 of this Agreement shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof. Notwithstanding the foregoing, any claim for breach of this Agreement that accrued

prior to the date of a Party's termination or termination of this Agreement (as the case may be) and all rights and remedies of the Parties hereto shall not be prejudiced as a result of termination.

(b) Notwithstanding any provision in this Agreement to the contrary, no Party shall terminate this Agreement if such party (in any capacity that is Party to this Agreement) is in breach of any provision hereof.

(c) Notwithstanding any provision in this Agreement to the contrary, the non-breaching Supporting Parties and the Debtors may each agree to continue to be bound by the terms of this Agreement notwithstanding such breach. The Debtors reserve all of their rights to seek to designate the vote of any breaching Supporting Party.

6.04. Termination Upon Consummation of the Amended Plan. This Agreement shall terminate automatically without any further required action or notice upon the consummation of the Amended Plan.

## **Section 7. Amendments.**

This Agreement, the Amended Plan, the Definitive Documents and the Plan Term Sheet or any annexes thereto may not be modified, amended, or supplemented, nor may any terms and conditions hereof or thereof be waived, without the prior written agreement signed by each of the Debtors and each of the Supporting Parties.

## **Section 8. No Solicitation.**

Notwithstanding anything to the contrary herein, this Agreement is not and shall not be deemed to be (a) a solicitation of consents to the Amended Plan or any chapter 11 plan or (b) an offer for the issuance, purchase, sale, exchange, hypothecation, or other transfer of securities or a solicitation of an offer to purchase or otherwise acquire securities for purposes of the Securities Act and the Securities Exchange Act of 1934, as amended.

## **Section 9. Miscellaneous.**

9.01. Resolution of Disputes. Any pre-Effective Date (as such term is defined in the Existing Plan) disputes in any way relating to this Agreement, the Amended Plan, the Definitive Documents and/or the Plan Term Sheet or any annexes thereto shall be resolved by Judge Drain.

9.02. Further Assurances. Subject to the other terms hereof, the Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be commercially reasonably appropriate or necessary, from time to time, to effectuate the Amended Plan in a manner consistent with the terms set forth in the Plan Term Sheet, as applicable, and in accordance with this Agreement, including Section 4.03 hereof.

9.03. Complete Agreement. This Agreement, exhibits and the annexes hereto, including the Plan Term Sheet, represent the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements, oral or written, between the Parties with respect thereto. No claim of waiver, consent, or acquiescence with respect to any provision of this Agreement, exhibits and annexes hereto, including the Plan Term Sheet, shall be made

against any Party, except on the basis of a written instrument executed by or on behalf of such Party.

9.04. Parties. This Agreement shall be binding upon, and inure to the benefit of, the Parties. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other person or entity except as provided in Section 4.01(b) hereof. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

9.05. Headings. The headings of all Sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

9.06. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM; WAIVER OF TRIAL BY JURY. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (EXCEPT FOR SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement in the Bankruptcy Court, and solely in connection with claims arising under this Agreement (a) irrevocably submits to the exclusive jurisdiction of the Bankruptcy Court, (b) waives any objection to laying venue in any such action or proceeding in the Bankruptcy Court, and (c) waives any objection that the Bankruptcy Court is an inconvenient forum or does not have jurisdiction over any Party hereto. Each Party hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.07. Execution of Agreement. This Agreement may be executed and delivered (by facsimile, electronic mail, or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement.

9.08. Interpretation. This Agreement is the product of negotiations between the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

9.09. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators, and representatives, other than a trustee or similar representative appointed in a bankruptcy case.

9.10. Acknowledgements. Notwithstanding anything herein to the contrary, (a) this Agreement shall not be construed to limit the Debtors or any member of the Debtors' boards of directors' exercise (in their sole discretion) of their fiduciary duties to any person or entities, including but not limited to those arising from the Debtors' status as a debtor or debtor in



possession under the Bankruptcy Code or under other applicable law; (b) this Agreement shall not be construed to limit the Committee's and each of its member's exercise (in their sole discretion) of their fiduciary duties to any person or entities arising from their service on the Committee; and (c) none of the Consenting Credit Agreement Lenders, Consenting First Lien Noteholders, Consenting Second Lien Noteholders, Consenting Centerbridge Lenders, or Consenting Apax Parties shall (i) have any fiduciary duty or (ii) other duties or responsibilities to each other, the Debtors or any of the Debtors' creditors or other stakeholders, except as expressly provided herein or in the Plan Term Sheet.

9.11. Notices. All notices hereunder shall be deemed given if in writing and delivered, if sent by hand delivery, electronic mail, courier, or overnight delivery (return receipt requested) to the following addresses (or at such other addresses as shall be specified by like notice):

(a) if to the Debtors, to:

Cengage Learning  
200 First Stamford Place, 4th Floor  
Stamford, Connecticut 06902  
Attention: Kenneth A. Carson, General Counsel

with copies to:

Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, New York 10022  
Attention: Jonathan S. Henes, Christopher J. Marcus,  
and Christopher T. Greco  
E-mail addresses: jonathan.henes@kirkland.com,  
christopher.marcus@kirkland.com,  
christopher.greco@kirkland.com

-and-

Kirkland & Ellis LLP  
300 North LaSalle  
Chicago, Illinois 60654  
Attention: Ross M. Kwasteniet and William A. Guerrieri  
E-mail addresses: ross.kwasteniet@kirkland.com,  
will.guerrieri@kirkland.com

(b) if to a Consenting Credit Agreement Lender, Consenting First Lien Noteholder, or a transferee thereof, the address set forth below following the Consenting Credit Agreement Lender and Consenting First Lien Noteholder's signature (or as directed by any transferee thereof), as the case may be.

with copies to:

Milbank, Tweed, Hadley & McCloy LLP

One Chase Manhattan Plaza  
New York, New York 10005  
Attention: Gregory A. Bray  
Dennis Dunne  
Mark Shinderman  
Lauren Doyle  
E-mail address: gbray@milbank.com,  
ddunne@milbank.com,  
mshinderman@milbank.com,  
ldoyle@milbank.com

- (c) if to the Consenting First Lien Agent, or a transferee thereof, to:

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10024  
Attn: Damian S. Schaible  
Darren S. Klein  
E-mail address: damian.schaible@davispolk.com,  
darren.klein@davispolk.com

- (d) if to the Committee, to:

Arent Fox LLP  
1675 Broadway  
New York, New York 10019  
Attention: Andrew I. Silfen  
Mark Joachim  
E-mail address: andrew.silfen@arentfox.com  
mark.joachim@arentfox.com

- (e) if to a Consenting Second Lien Noteholder, or a transferee thereof, the address set forth below following the Consenting Second Lien Noteholder's signature (or as directed by any transferee thereof), as the case may be:

with copies to:

Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, New York 10036  
Attention: Ira Dizengoff  
Philip Dublin  
E-mail address: [idezengoff@akingump.com](mailto:idezengoff@akingump.com)  
pdublin@akingump.com

- (f) if to the Consenting Second Lien Trustee, or a transferee thereof, to:

Ropes & Gray LLP  
1211 Avenue of the Americas  
New York, New York 10036  
Attention: Mark R. Somerstein  
E-mail address: [mark.somerstein@ropesgray.com](mailto:mark.somerstein@ropesgray.com)

-and-

Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, New York 10036  
Attention: Ira Dizengoff  
Philip Dublin  
E-mail address: [idezengoff@akingump.com](mailto:idezengoff@akingump.com)  
[pdublin@akingump.com](mailto:pdublin@akingump.com)

- (g) if to a Consenting Centerbridge Lender or a transferee thereof, to:

Jones Day  
222 E 41st Street  
New York, New York 10017  
Attention: Lisa Laukitis  
E-mail address: [llaukitis@jonesday.com](mailto:llaukitis@jonesday.com)

(h) if to a Consenting Apax Party or a transferee thereof, to the address set forth below following the Consenting Apax Party's signature (or as directed by any transferee thereof), as the case may be.

with copies to:

Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017  
Attention: Peter Pantaleo  
E-mail address: [ppantaleo@stblaw.com](mailto:ppantaleo@stblaw.com)

(i) if to the Consenting Senior Unsecured Notes Trustee or a transferee thereof, to:

Kilpatrick Townsend & Stockton LLP  
1100 Peachtree Street, NE, Suite 2800  
Atlanta, Georgia 30309  
Attention: Todd Meyers

E-mail address: tmeyers@kilpatricktownsend.com

- (j) if to the Consenting PIK Notes Trustee or a transferee thereof, to:

Loeb & Loeb LLP  
345 Park Avenue  
New York, New York 10154  
Attn: Walter H. Curchack  
E-mail address: wcurchack@loeb.com

Any notice given by hand delivery, electronic mail, mail, or courier shall be effective when received.

9.12. Waiver. Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict any right of any Supporting Party or the ability of each of the Supporting Parties to protect and preserve its rights, remedies, and interests, including, without limitation, its Claims against or interests in the Debtors. If the Amended Plan is not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights. Pursuant to Rule 408 of the Federal Rules of Evidence and any other applicable rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

9.13. No Modification. For the avoidance of doubt, no provision of this Plan Support Agreement or the Plan Term Sheet shall be deemed to modify or amend any provision of the First Lien Credit Facility, including without limitation section 10.04 thereof or any of the Consenting First Lien Agent's rights and obligations thereunder.

9.14. Several, Not Joint, Obligations. The agreements, representations, and obligations of the Parties under this Agreement are, in all respects, several and not joint. It is understood and agreed that any Supporting Party, to the extent applicable, may trade in its Claims or other debt or equity securities of the Debtors without the consent of the Debtors, subject to applicable laws, if any, Section 4.01(b) hereof, and the First Lien Credit Facility, First Lien Indenture, Second Lien Indenture, Unsecured Notes Indenture and PIK Notes Indenture (as each may be applicable).

9.15. Remedies. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party or any other Party.

9.16. Specific Performance. This Agreement is intended as a binding commitment enforceable in accordance with its terms against the Parties. It is understood and agreed by each of the Parties that money damages would not be a sufficient remedy for any breach of this

Agreement by any Party, and each non-breaching Party shall be entitled solely to specific performance and injunctive or other equitable relief as a remedy of any such breach.

9.17. No Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties, and no other person or entity shall be a third-party beneficiary hereof.

9.18. Automatic Stay. The Parties acknowledge that the giving of notice or termination by any Party pursuant to this Agreement shall not be violation of the automatic stay of section 362 of the Bankruptcy Code.

9.19. Survival of Agreement. Each of the Parties acknowledges and agrees that (a) the rights granted in this Agreement are enforceable by each signatory hereto without approval of the Bankruptcy Court, and (b) the Debtors waive any rights to assert that the exercise of such rights violate the automatic stay, or any other provisions of the Bankruptcy Code.

9.20. Settlement Discussions. This Agreement and the Plan Term Sheet are part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties hereto. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408, the Absolute Mediation Privilege, and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement.

9.21. Consideration. The Parties hereby acknowledge that no consideration, other than that specifically described herein, the Plan Documents and Term Sheet shall be due or paid to any Party for its agreement to vote to accept the Amended Plan in accordance with the terms and conditions of this Agreement.

9.22. Publicity. The Debtors shall not (a) use the name of any Consenting Holder (or any of its controlled affiliates, officers, directors, trustees, managers, stockholders, members, employees, partners, representatives or agents, in such capacity) in any press release or filing without such Consenting Holder's prior written consent or (b) disclose to any person or entity, other than legal, accounting, financial and other advisors to the Parties hereto who are under confidentiality obligations, the principal amount or percentage of Claims held by any Consenting Holder or any of its respective subsidiaries or affiliates; provided, however, that the Debtors shall be permitted to disclose at any time the aggregate principal amount of, and aggregate percentage of, any class of Claims held by the Consenting Holders in the aggregate. Nothing contained herein shall be deemed to waive, amend or modify the terms of any confidentiality or non-disclosure agreement between the Debtors and any Consenting Holder.

*[Signatures on Following Page]*

**Exhibit A**

**Plan Term Sheet**

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CENGAGE LEARNING HOLDINGS II L.P., ET AL.

PLAN TERM SHEET

February 1, 2014

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**THIS TERM SHEET (THE “TERM SHEET”) DESCRIBES THE PRINCIPAL TERMS AGREED TO BY AND AMONG (I) CENGAGE LEARNING HOLDINGS II, L.P. (“CL HOLDINGS”); CENGAGE LEARNING HOLDCO, INC. (“CL HOLDCO”); CENGAGE LEARNING ACQUISITIONS, INC. (“CLAP”); AND CENGAGE LEARNING, INC. (“CLI”), AS DEBTORS AND DEBTORS IN POSSESSION (COLLECTIVELY, THE DEBTORS) IN THE CHAPTER 11 CASES PENDING IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF NEW YORK (THE “BANKRUPTCY COURT”) CAPTIONED *IN RE CENGAGE LEARNING, INC., ET AL., CASE NO. 13-44106 (ESS)* (BANKR. E.D.N.Y. 2013) (THE “CHAPTER 11 CASES”) AND (II) THE SUPPORTING PARTIES (AS DEFINED IN THE PLAN SUPPORT AGREEMENT) MODIFYING THE *DEBTORS’ JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE* [DOCKET NO. 780] (THE “EXISTING PLAN”).<sup>1</sup>**

**THIS TERM SHEET DOES NOT CONSTITUTE AN OFFER OF SECURITIES OR A SOLICITATION OF THE ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN FOR PURPOSES OF SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.**

**THIS TERM SHEET CONTAINS A SERIES OF ASSUMPTIONS, COMPROMISES AND SETTLEMENTS OF ISSUES AND DISPUTES THAT WILL BE RESOLVED IN CONNECTION WITH CONFIRMATION OF A CHAPTER 11 PLAN. IN THE EVENT THE CHAPTER 11 PLAN CONTEMPLATED UNDER THIS TERM SHEET IS NOT CONFIRMED OR DOES NOT BECOME EFFECTIVE, NOTHING HEREIN SHALL BE CONSTRUED AS AN ADMISSION OF OR THE POSITIONS OF THE PARTIES WITH RESPECT TO THESE ISSUES OR DISPUTES. ACCORDINGLY, THIS TERM SHEET IS PROTECTED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE, THE ABSOLUTE MEDIATION PRIVILEGE, AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROHIBITING THE USE OR DISCLOSURE OF CONFIDENTIAL SETTLEMENT DISCUSSIONS. THIS TERM SHEET IS SUBJECT TO ALL EXISTING CONFIDENTIALITY AGREEMENTS.**

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<sup>1</sup> Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Existing Plan.

**OVERVIEW**

<b>Summary</b>	<p>Certain Holders of Claims (including certain Holders of economic interests or economic rights with respect to such Claims), representatives of Holders of certain Claims, the First Lien Credit Facility Administrative Agent, the Second Lien Indenture Trustee, the Senior Notes Indenture Trustee, the PIK Notes Indenture Trustee, Apax (all provisions hereof applicable to “Apax” in a given capacity shall also be deemed binding on, applicable to, and/or for the benefit of, the successors of, transferees of, and assigns of Apax in such capacity), the Debtors, and the Committee shall have executed the plan support agreement to which this Term Sheet is attached (the “<b>Global PSA</b>”) pursuant to which (a) the parties to the Global PSA have agreed to a good faith compromise and settlement of various issues and disputes, including the Disputed Issues, and (b) the Debtors will modify and amend the Existing Plan to implement the terms contained herein and implement a restructuring process consistent with the Existing Plan, except as modified to be consistent with this Term Sheet, including to remove the Disputed Unsecured Escrow, in order to consummate a plan of reorganization (the “<b>Amended Plan</b>”) that the Debtors will seek to have confirmed pursuant to sections 1123 and 1129 of the Bankruptcy Code and Bankruptcy Rule 9019.</p> <p>This Term Sheet does not include a description of all of the terms, conditions, and other provisions that are contained in the Existing Plan and to be contained in the Amended Plan and the documents necessary to give effect to the terms of the Amended Plan, including without limitation, the documents of the Plan Supplement (the “<b>Definitive Documents</b>”). The Definitive Documents, including the supplement to the Disclosure Statement, all Plan Supplement documents, all motions, and related orders and the plan solicitation documents shall satisfy the requirements of the Bankruptcy Code and be consistent in all respects with the Existing Plan except as modified to be consistent with the Global PSA and this Term Sheet. Consent and consultation rights with respect to the Definitive Documents shall be as set forth in the Global PSA and to the extent inconsistent with the Existing Plan shall be deemed to modify the Existing Plan.</p>
<b>Total Enterprise Value</b>	\$3.6 billion for all purposes.
<b>Treatment of Second Lien Claims, Senior Notes Claims, and General Unsecured</b>	Holders of Allowed Second Lien Claims, Allowed Senior Notes Claims, and Allowed General Unsecured Claims (other than Intercompany Claims as set forth herein) shall receive in full and final satisfaction of their Claims the following (the “ <b>Other</b>



<p><b>Claims</b></p>	<p><b><u>Unsecured Creditor Distribution</u></b>):</p> <p>(1) On the Effective Date, New Equity, subject to dilution for the Management Incentive Plan, and/or Cash (at the election of each Holder, which election shall be made pursuant to an amended Ballot) in an aggregate amount of \$225 million, subject to the following terms:</p> <p>(a) the calculation of the value of New Equity for the purpose of such distribution shall be based on a \$3.6 billion total enterprise value for the Reorganized Debtors less the amount of the New Debt Facility (which shall be in an amount between \$1.5 billion and \$1.75 billion as set forth in the Existing Plan) plus Available Cash<sup>2</sup> less Distributable Cash;<sup>3</sup></p> <p>(b) an election of New Equity shall only be permitted if after giving effect to the election such Holder (on the Effective Date) would not have more than 14.9% of the New Equity first taking into account other New Equity such Holder would receive under the Plan (the “<u>Equity Election Cap</u>”) and any amounts exceeding the Equity Election Cap as a result of such election will be paid in Cash); and</p> <p>(c) notwithstanding any election to receive New Equity instead of Cash by a Holder of a General Unsecured Claim, to the extent determined by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Committee, to be necessary to ensure that the total number of recipients of New Equity pursuant to the Plan does not cause the Reorganized Debtors to become subject to the reporting requirements of the Securities Exchange Act of 1934 (the “<u>Reporting Requirements</u>”), the Debtors or the Reorganized Debtors, as applicable, shall be permitted to make Cash distributions to Holders of General Unsecured Claims that elected to receive New Equity to the extent necessary to ensure that the Reorganized Debtors do not become subject to the Reporting Requirements, which Cash distribution shall start with the smallest Allowed</p>
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<sup>2</sup> “**Available Cash**” means any Cash remaining on any of the Debtors’ balance sheets as of the Effective Date after funding all payments and reserves required under the Plan (other than distributions on account of principal and interest to the Holders of First Lien Claims), including the Other Unsecured Creditor Distribution (for the avoidance of doubt, any cash not distributed to the Holders of Other Unsecured Claims should be included in Available Cash).

<sup>3</sup> “**Distributable Cash**” means Available Cash less an amount agreed to by the Debtors and the Required Consenting Lenders, in consultation with the Supporting Parties, which amount agreed to by the Debtors and the Required Consenting Lenders, in consultation with the Supporting Parties, shall be between \$50 million and \$175 million and shall be set forth in the Plan Supplement.

General Unsecured Claim that elected to receive New Equity and will proceed in ascending size of Allowed General Unsecured Claims as necessary to ensure that the Reorganized Debtors do not become subject to the Reporting Requirements.

and

(2) an aggregate of \$12.0 million of Cash from the first Cash distributions that would be received by Apax in its capacity as a Holder of Allowed Second Lien Claims and Allowed Senior Notes Claims shall be withheld from Apax by the Debtors (the “**Withheld Apax Distribution**”) and instead distributed to all non-Apax Holders of Allowed Second Lien Claims, Allowed Senior Notes Claims, Allowed General Unsecured Claims, and Allowed PIK Notes Claims as part of the Other Unsecured Creditor Distribution consistent with the Other Unsecured Creditor Distribution Allocation (as defined herein). Apax will be deemed to elect to receive at least \$12 million of its Other Unsecured Creditor Distribution in Cash to ensure that the Withheld Apax Distribution will be \$12.0 million in Cash and the Withheld Apax Distribution, to the extent reasonably practicable, will be comprised 62.5% from Cash that would have been distributed on account of Apax’s Allowed Second Lien Claims and 37.5% from Cash that would have been distributed on account of Apax’s Allowed Senior Notes Claims.

The Other Unsecured Creditor Distribution shall be allocated as follows (the “**Other Unsecured Creditor Distribution Allocation**”):

(a) 62.5% of the Other Unsecured Creditor Distribution shall be distributed to the Holders of Second Lien Claims, including Apax (the “**Second Lien Distribution**”); provided that the portion of the Second Lien Distribution consisting solely of the Withheld Apax Distribution shall be shared Pro Rata amongst Holders of Second Lien Claims other than Apax;

(b) (i) 37.5% of the Other Unsecured Creditor Distribution (excluding the Withheld Apax Distribution) shall be distributed to Holders of Senior Notes Claims (for the avoidance of doubt, including Apax), General Unsecured Claims, and Holders of PIK Notes Claims, which shall be allocated as follows: (w) \$72.14 million to Holders of Senior Notes Claims (including Apax), (x) \$11.22 million (in the aggregate) to both Holders of General Unsecured Claims against CLAI and Holders of General Unsecured Claims against CLI, (y) \$801,944.09 to Holders of the PIK Notes Claims on account of PIK Notes Claims (the “**First PIK Notes Distribution**”), and (z) \$218,055.91 to Apax (the “**Apax Share**,” and

	<p>together with the First PIK Notes Distribution, the “<b><u>Settlement Share</u></b>”) and (ii) 37.5% of the Withheld Apax Distribution, which shall be allocated as follows: (x) \$3.85 million to Holders of Senior Notes Claims, (y) \$0.60 million (in the aggregate) to Holders of General Unsecured Claims against CLAI and Holders of General Unsecured Claims against CLI and (z) \$0.05 million to Holders of PIK Notes Claims (the “<b><u>Second PIK Notes Distribution</u></b>,” and together with the First PIK Notes Distribution, the “<b><u>PIK Notes Distribution</u></b>”); <u>provided that</u> to the extent that recoveries to Holders of Allowed General Unsecured Claims against CLAI would exceed 7.2%, any such excess in distributions shall be instead distributed Pro Rata amongst Holders of General Unsecured Claims against CLI; <u>provided further that</u> the portion of distributions consisting solely of the Withheld Apax Distribution shall not be distributed to Apax as Holders of Senior Notes Claims, and instead shall be shared Pro Rata amongst Holders of Senior Notes Claims other than Apax.</p> <p>(3) For the avoidance of doubt, other Classes of Claims, including, but not limited to, Holders of First Lien Deficiency Claims, Intercompany Claims, Section 510(b) Claims, and Other Priority Claims shall not be entitled to any recovery from the Other Unsecured Creditor Distribution.</p> <p>First Lien Claims, Second Lien Claims,<sup>4</sup> Senior Notes Claims,<sup>5</sup> PIK Notes Claims, and Subordinated Notes Claims shall be permanently Allowed under the Amended Plan and not subject to challenge, reduction, recharacterization, defense, offset, or counterclaims.</p> <p>For the avoidance of doubt, the Second Lien Distribution shall not be subject to any subordination or turnover under the Second Lien Intercreditor Agreement and the Other Unsecured Creditor Distribution shall not be subject to any subordination or turnover to the Holders of First Lien Claims.</p> <p>For the avoidance of doubt, the Other Unsecured Creditor Distribution Allocation gives effect to the subordination and turnover rights of the Holders of Second Lien Claims and Senior Notes Claims against Holders of Subordinated Notes Claims, except as modified and/or waived under this Term Sheet.</p>
<b>Treatment of PIK Notes</b>	To the extent that the Class of Holders of PIK Notes Claims votes to

<sup>4</sup> The amount of the Allowed Second Lien Claims shall be \$753,103,855.

<sup>5</sup> The amount of the Allowed Senior Notes Claims shall be \$306,331,899.

<p><b>Claims</b></p>	<p>accept the Plan and the PIK Notes Indenture Trustee does not take any action in the Chapter 11 Cases, including regarding the Amended Plan, that is inconsistent with the Amended Plan or any agreements under the Global PSA, Holders of PIK Notes Claims shall receive the PIK Notes Distribution, which PIK Notes Distribution shall be shared amongst all the Holders of PIK Notes Claims in accordance with and subject to the terms of the PIK Notes Indenture and shall not be subject to any subordination right or obligation, and Apax shall receive the Apax Share. To the extent that the Class of Holders of PIK Notes Claims does not vote to accept the Plan and/or the PIK Notes Indenture Trustee takes any action in the Chapter 11 Cases, including regarding the Amended Plan, that is inconsistent with the Amended Plan or any agreements under the Global PSA, (i) the Settlement Share shall be distributed to Holders of Senior Notes (including Apax) and Holders of General Unsecured Claims pursuant to the terms of this Term Sheet and in accordance with the ratios utilized herein and (ii) the Second PIK Notes Distribution shall be distributed to Holders of Senior Notes Claims (excluding Apax) and Holders of General Unsecured Claims pursuant to the terms of this Term Sheet and in accordance with the ratios utilized herein.</p>
<p><b>Classification and Treatment of Intercompany Claims</b></p>	<p>Intercompany Claims shall be separately classified and removed from the definition of General Unsecured Claims.</p> <p>No distribution shall be made on account of Intercompany Claims and such Intercompany Claims shall be Reinstated or cancelled as of the Effective Date at the election of the Debtors; <u>provided that</u> such cancellation or reinstatement, as applicable, shall have no adverse effect on the distributions to the Holders of First Lien Claims or Holders of Second Lien Claims, Senior Notes Claims, Subordinated Notes Claims or General Unsecured Claims, and any such cancellation or reinstatement that has such an adverse effect shall be null and void <i>ab initio</i>.</p>
<p><b>Treatment of First Lien Claims</b></p>	<p>Holders of First Lien Claims,<sup>6</sup> including Apax, shall receive in full and final satisfaction of their Claims the following (the “<b><u>First Lien Claim Distribution</u></b>”):</p> <p>(a) 100% of the New Equity, reduced by the New Equity distributed as part of the Other Unsecured Creditor Distribution, and subject to</p>

<sup>6</sup> The amount of the Allowed First Lien Claims shall be not less than \$3,901,878,598.78 on account of the obligations under the First Lien Credit Agreement Facility and \$742,832,986.11 on account of obligations under the First Lien Notes Indenture. A breakdown between allowed principal, interest, and swap claims will be set forth in the Amended Plan.

	<p>dilution for the Management Incentive Plan;</p> <p>(b) the New Debt Facility Consideration; and</p> <p>(c) the Distributable Cash.</p>
<b>Disputed Unsecured Escrow</b>	<p>The Disputed Unsecured Escrow as defined in the Existing Plan, and all related provisions, shall be eliminated under the Amended Plan.</p>
<b>Apax Claims</b>	<p>The First Lien Claims, the Second Lien Claims, the Senior Notes Claims, and the Subordinated Notes Claims, in each case in respect of principal and interest, held by Apax (the “<b>Apax Claims</b>”) and the Apax Fees (as defined herein) shall be permanently Allowed under the Amended Plan and not subject to challenge, reduction, recharacterization, defense, offset, or counterclaims and the Holders of such Claims shall receive their distribution consistent with Article VI of the Existing Plan on the Initial Distribution Date, and to the extent applicable, thereafter (in the case of the Apax Claims) or on the Effective Date (in the case of the Apax Fees), as applicable, and shall otherwise receive the applicable treatment provided for such Allowed Claims under the Amended Plan in accordance with, and subject to the terms hereof, in full and final satisfaction of all Claims held by Apax against the Debtors.</p> <p>Apax’s proofs of claim for unpaid management fees and other obligations [Claim Nos. 3312-3324] shall be withdrawn prior to the Effective Date.</p> <p>Article XII.D of the Existing Plan shall be amended to provide for the payment, on the Effective Date, by the Debtors to Apax of \$8 million in Cash in respect of its Claim for accrued fees and expenses (the “<b>Apax Fees</b>”) in full and final satisfaction of all of Apax’s Claims against the Debtors for accrued fees and expenses. Subject to and in exchange for the foregoing, the treatment under the Amended Plan contemplated under this Term Sheet of the Allowed Apax Claims and Apax’s other treatment under the Amended Plan, on the Effective Date, Apax shall irrevocably waive any and all other Claims against the Debtors, including without limitation any Claims against the Debtors for fees, expenses or indemnification under the First Lien Documents, including under Section 11.04 or 11.05 of the First Lien Credit Facility Agreement, the First Lien Intercreditor Agreement, the First Lien Indenture or the Second Lien Intercreditor Agreement.</p> <p>In addition, subject to and in exchange for the treatment of the Apax Claims under the Amended Plan as contemplated under this Term Sheet, Apax shall not be entitled to, and shall be deemed to have</p>

	<p>waived on the Effective Date of the Amended Plan, any distribution, recovery, reimbursement, claim or other payment (i) under Sections 2.12 and 2.13 of the First Lien Credit Facility Agreement for any pre-Effective Date actions, (ii) under clause “Second” of Section 8.04 of the First Lien Credit Facility Agreement, (iii) under Section 6.06 or 6.13 of the First Lien Indenture for any pre-Effective date actions, or (iv) from or related to any pre-Effective Date breach or alleged breach of the First Lien Intercreditor Agreement, including, without limitation, Sections 2.01, 2.02(d), 2.03(a) and 2.03(b) of the First Lien Intercreditor Agreement, or the Second Lien Intercreditor Agreement, and in each case Apax shall irrevocably release, on the Effective Date, the First Lien Credit Facility Agents, the First Lien Trustee and each Holder of a First Lien Claim in connection with any (a) pre-Effective Date claim or cause of action solely with respect to clauses (i), (iii) and (iv) and (b) any claim or cause of action solely with respect to clause (ii); <u>provided</u> that the foregoing release and waiver (1) shall not apply to any payments or distributions from the Debtors to or for the benefit of a Holder of a First Lien Claim made after the date hereof and prior to the Effective Date that are not provided for in the Final Cash Collateral Order (as amended to date and hereafter solely for the purposes described in Section 4.01(c) of the Global PSA) and (2) shall not apply to Apax’s rights to share in any excess payments solely of principal or interest (but in no case to recover any portion of the Withheld Apax Distribution) under Section 2.13 of the First Lien Credit Facility Agreement or any similar sharing provision in any other agreement, all of which rights are and shall be fully preserved.</p>
<p><b>Releases</b></p>	<p>The Second Lien Indenture Trustee, the Consenting Second Lien Holders, the Senior Notes Indenture Trustee, the Subordinated Notes Trustee, the PIK Notes Indenture Trustee, Centerbridge and such entities’ respective predecessors, successors and assigns, and current and former shareholders, affiliates, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, attorneys, financial advisors, accountants, investment bankers, and consultants, in each case in their capacity as such, shall be added to the definition of Releasee, Releasing Parties, and Exculpated Parties; <u>provided that</u> the PIK Notes Indenture Trustee shall be removed from the definition of Releasee, Releasing Parties, and Exculpated Parties if the PIK Notes Trustee is directed by Holders of PIK Notes Claims to take action (and does take such action) in the Chapter 11 Cases, including regarding the Amended Plan, that is inconsistent with the Amended Plan or any agreements under the Global PSA; <u>provided further</u> that the Subordinated Notes Trustee shall be removed from the definition of Releasee, Releasing Parties and Exculpated Parties if the Subordinated Notes Trustee objects to or challenges</p>

	<p>confirmation of the Amended Plan or seeks to delay confirmation of the Amended Plan.</p> <p>For the avoidance of doubt, the existing Release and Exculpation provisions and definitions in the Existing Plan in favor of Apax, and the Apax related parties more fully described in the Existing Plan, shall remain in place and become effective on the Effective Date. Without limiting the foregoing, such Release provisions shall be deemed to include any and all pre-Effective Date Claims and Causes of Action which may be asserted against Apax and such related parties at any time, including (without limitation) arising from, related to, or in connection with any prepetition debt purchases by Apax or the Debtors or any prepetition management fees paid to Apax.</p>
<p><b>Adversary Proceedings</b></p>	<p>Upon the Effective Date of the Plan, all pending adversary proceedings in the Chapter 11 Cases shall be deemed dismissed with prejudice. For the avoidance of doubt, all inter-creditor disputes, including those arising in connection with the Second Lien Intercreditor Agreement, shall be waived and released and the pending adversary proceeding relating thereto shall be dismissed with prejudice in the Confirmation Order, effective on the Effective Date of the Amended Plan.</p>
<p><b>Payment of Certain Professional and Indenture Trustee Fees</b></p>	<p>Article XII.D of the Plan shall be amended to provide for the payment in full by the Debtors of all of the reasonable and documented fees and expenses incurred in connection with the Chapter 11 Cases, through the Effective Date (and for any reasonable and documented fees and expenses incurred in connection with the Chapter 11 Cases on or after the Effective Date in connection with supporting the Amended Plan in any appeal of confirmation that continued after the Effective Date or with respect to performance of any of such parties' obligations under the Amended Plan) by the Second Lien Indenture Trustee, the Consenting Second Lien Holders (solely with respect to such Holders' professional fees and expenses), the Senior Notes Indenture Trustee, the Subordinated Notes Indenture Trustee, the PIK Notes Indenture Trustee, and Centerbridge (solely with respect to such Holders' professional fees and expenses) (the "<b>Non-Estate Fees</b>"), collectively up to an amount of \$20 million in the aggregate; (the "<b>Non-Estate Professional Fee Cap</b>"); <u>provided that</u> such Non-Estate Professional Fee Cap shall be allocated up to \$15 million in the aggregate to the fees incurred by the Second Lien Indenture Trustee and the Consenting Second Lien Holders and up to \$5 million in the aggregate to the Senior Notes Indenture Trustee, the Subordinated Notes Trustee, the PIK Notes Indenture Trustee and Centerbridge; <u>provided further that</u> the PIK Notes Indenture</p>

Trustee shall not be entitled to any payment of fees and expenses from the Non-Estate Professional Fee Cap if the PIK Notes Trustee is directed by Holders PIK Notes Claims to take action (and does take such action) in the Chapter 11 Cases, including regarding the Amended Plan, that is inconsistent with the Amended Plan or any agreements under the Global PSA; provided further that the Subordinated Notes Trustee shall not be entitled to any payment of fees and expenses from the Non-Estate Professional Fee Cap if the Subordinated Notes Trustee objects to or challenges confirmation of the Amended Plan or seeks to delay confirmation of the Amended Plan. For the avoidance of doubt, to the extent the Non-Estate Fees are less than \$20 million, the Reorganized Debtors shall retain such difference.

Prior to entry of the Approval Order, an indenture trustee may elect out of this provision, and in such event (a) the Non-Estate Professional Fee Cap will be reduced by the reasonable and documented fees of such indenture trustee as acceptable to the Relevant Parties (as defined below) (it being understood that such reduction will be applied to the portion of the Non-Estate Professional Fee Cap allocable to the relevant indenture trustee), (b) such indenture trustee will be removed as a beneficiary of this provision for all purposes, and (c) a new additional distribution of Cash will be provided to the holders of claims under such indenture trustee's indenture in the amount of the reduction of the Non-Estate Professional Fee Cap; provided for the avoidance of doubt that such additional distribution shall be subject to the charging lien of such indenture trustee; provided further that if the reasonable and documented fees of the relevant indenture trustee are not acceptable to the Relevant Parties, then such indenture trustee shall not be permitted to elect out of this provision. "Relevant Parties" means (i) with respect to an election by the Second Lien Indenture Trustee, the Debtors, the Consenting Second Lien Holders, the First Lien Credit Facility Administrative Agent, and the Ad Hoc First Lien Group and (ii) with respect to an election by any other indenture trustee, the Debtors, the First Lien Credit Facility Administrative Agent, the Ad Hoc First Lien Group, the Senior Notes Indenture Trustee, the PIK Notes Indenture Trustee and Centerbridge.

Non-Estate Fees shall be paid (a) on the Effective Date of the Plan (subject to the receipt by the Debtors of invoices for such amounts at least ten days prior to the Effective Date) and (b) with respect to any reasonable and documented fees and expenses incurred in connection with the Chapter 11 Cases after the Effective Date in connection with supporting the Amended Plan in any appeal of confirmation that continued after the Effective Date or with respect to performance of any of such parties' obligations under the Amended



	<p>Plan, within ten days after the receipt by the Reorganized Debtors of invoices for such amounts.</p> <p>Payment of the fees and expenses of the Ad Hoc First Lien Group, the First Lien Credit Facility Administrative Agent, and the First Lien Indenture Trustee shall be paid pursuant to the Cash Collateral Order and the Existing Plan.</p>
<b>Release of Avoidance Actions</b>	<p>Section IV.BB of the Existing Plan shall be expanded to provide that Avoidance Actions against any parties shall be released and extinguished pursuant to the Amended Plan.</p>
<b>Shareholders Agreement and Minority Protections</b>	<p>The Shareholders Agreement and the other New Corporate Governance Documents shall be reasonably acceptable to the “Required Consenting Lenders” (as such term is defined in the Existing Plan) and shall not unreasonably and adversely affect any Holder of New Equity in the exercise of its rights as a Holder of New Equity. The Shareholders Agreement shall expressly identify Apax as the “15%” holder entitled to nominate and have elected one director and one board observer on the Effective Date, so long as Apax is entitled to at least 15% of the New Equity on account of its First Lien Claims as of the Effective Date.</p> <p>Any minority shareholder protections in the New Shareholders Agreement shall apply to all minority Holders of New Equity on an equal basis; <u>provided, however</u>, the foregoing does not mean that all minority shareholders will have the same protections regardless of percentage of holdings. Any pre-Effective Date disputes over the Shareholders Agreement, minority protections, or the other New Corporate Governance Documents shall be resolved by Judge Drain.</p>
<b>Other Amended Plan Provisions</b>	<p>The Amended Plan shall provide for (a) the compromise and settlement of inter-creditor and inter-debtor issues and disputes as set forth in this Term Sheet and (b) the payment of professional fees of the Debtors and the Committee and the establishment of the professional fee escrow by the Debtors, notwithstanding anything contrary in the Cash Collateral Order, for the purpose of paying Allowed professional fee claims incurred through the Effective Date.</p> <p>On the thirtieth (30<sup>th</sup>) day after the Effective Date, except with respect to (a) fee applications and Non-Estate Fees; (b) appealing and taking any action concerning an appeal in any court that is pending as of the Effective Date; (c) any pending litigation or contested matters to which the Committee is a party (excluding any such litigation or contested matter as to any Causes of Action released by the Plan); (d) interpretation, enforcement or implementation of the Amended Plan, in each case to the extent</p>

	<p>there is a dispute, disagreement, controversy or issue, including, but not limited to, a contested matter or adversary proceeding or other litigation and as it relates to or otherwise affects the Other Unsecured Creditor Distributions or the classification or treatment of Second Lien Claims, Senior Notes Claims, PIK Notes Claims, Subordinated Notes Claims and General Unsecured Claims or otherwise relates to or affects unsecured creditors of the Debtors; and (e) consulting with the Debtors or Reorganized Debtors with respect to the reconciliation of claims and the adjudication, objection, settlement and resolution of General Unsecured Claims or other Claims reclassified or being reclassified as General Unsecured Claims, the Committee shall dissolve for purposes of these Chapter 11 Cases. The Reorganized Debtors shall promptly pay the reasonable and documented post-Effective Date fees and expenses of the Committee's professionals; <u>provided, however</u>, the Reorganized Debtors' obligation to pay the fees and expenses of the professionals of the Committee, including but not limited to the Committee's attorneys and financial advisors, with respect to (e) above, shall not exceed \$250,000, and thereafter such fees and expenses will be otherwise be satisfied and paid from the Other Unsecured Creditor Distributions allocated to General Unsecured Creditors. For the avoidance of doubt, for purposes of this paragraph, Other Unsecured Creditor Distributions shall not include distributions to the Holders of Second Lien Claims, Senior Notes or PIK Notes. The Debtors or Reorganized Debtors will reserve and escrow \$150,000 of the Other Unsecured Creditor Distribution allocated to Holders of General Unsecured Claims for the benefit of the professionals of the Committee as provided above. The Reorganized Debtors shall consult with the Committee and its professionals after the Effective Date regarding the reconciliation, resolution, objection to, and settlement of, General Unsecured Claims or other Claims reclassified or being reclassified as General Unsecured Claims; <u>provided further that</u> the Committee's consent is required, which consent shall not be unreasonably withheld, to compromise, settle or otherwise resolve Claims that are (i) filed or scheduled or asserted in excess of \$1 million or (ii) proposed to be compromised, settled or resolved by the Debtors or Reorganized Debtors by allowing such claim as a General Unsecured Claim in excess of \$1 million. On the Effective Date the Committee will use its best efforts to form a subcommittee consisting of not less than two members and not more than three members. The Committee will use its best efforts to first permit trade or other non-funded debt committee members, and for the avoidance of doubt, excluding indenture trustees, to serve on such subcommittee. The subcommittee shall be delegated the responsibility and authority with respect to those matters set forth in (e) above.</p>
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	<p>The Reorganized Debtor will agree to post annual and quarterly financial statements (with MD&amp;A being posted at least annually, and with any other MD&amp;A provided to any lender or other entity being posted as well) with a carve out that the company can withhold commercially sensitive information in its reasonable discretion (provided that the deletion of the withheld information from the financial statements does not make the redacted statements not compliant with GAAP).</p> <p>In the event the New Equity is not book entry and Depository Trust Company eligible, then the Prepetition Indentures Trustees shall not serve as Disbursing Agent for such New Equity, and the Disbursing Agent for such New Equity shall not distribute any consideration in the form of stock without the express consent of the applicable Prepetition Indenture Trustee, which consent shall not be unreasonably withheld, and without first providing such Prepetition Indenture Trustee the opportunity to exercise its Charging Lien against such New Equity, as provided for under the applicable Prepetition Indenture, which Charging Lien shall be deemed, until the Disbursing Agent has disbursed the New Equity, to exist against such New Equity in the same manner as if such New Equity were in possession of the applicable Prepetition Indenture Trustee.</p>
<b>Plan Supplement</b>	<p>The deadline for filing and serving notice of, to the extent known, the identity of members of the New Board and the nature and compensation for any member of the New Board who is an “insider” under section 101(31) of the Bankruptcy Code shall be extended to seven days prior to the Confirmation Hearing.</p>
<b>Management Incentive Plan</b>	<p>See Amended MIP Term Sheet, attached hereto as <u>Exhibit 1</u>.</p>

**Exhibit 1**

**Amended MIP Term Sheet**

## Cengage Learning

### Summary of Post-Emergence Compensation

Key MIP Terms	
% of Equity Reserved	<ul style="list-style-type: none"> <li>■ 5.6%</li> </ul>
Allocation	<ul style="list-style-type: none"> <li>■ 80% allocated at emergence, 50% of which is allocated to CEO (i.e., 40% of the total 100% pool) and which includes an equity grant for the CFO.</li> <li>■ 20% reserved for future awards to current execs, new hires and Board members</li> </ul>
LTI Vehicles Used	<ul style="list-style-type: none"> <li>■ 60% incentive stock options (ISOs) with an exercise price equal to the per share Plan Equity Value assuming a \$3.6 billion total enterprise value for the Reorganized Debtors less the amount of the New Debt Facility (which shall be in an amount between \$1.5 billion and \$1.75 billion as set forth in the Existing Plan) plus Available Cash<sup>1</sup> less Distributable Cash<sup>2</sup></li> <li>■ 40% RSUs</li> </ul>
Vesting Schedule	<ul style="list-style-type: none"> <li>■ ISOs – 4 year ratable vesting (7 year exercise term)</li> <li>■ RSUs – 5 year ratable time vesting</li> </ul>
Vesting – Change-Of-Control (CoC)	<ul style="list-style-type: none"> <li>■ ISOs and RSUs will vest unless awards are assumed in full</li> </ul>
Vesting – Termination without Cause or For Good Reason	<ul style="list-style-type: none"> <li>■ ISOs and RSUs vest in full</li> <li>■ Change of Control: exercise period reduced to lesser of (i) the remaining option term or (ii) the greater of (X) 1 year following termination or (Y) 3 years following the date of a change in control which occurs within 18 months of emergence</li> <li>■ All Other Cases: exercise period reduce to lesser of (i) 1 year post-termination or (ii) the remaining option term</li> </ul>
Vesting – Death / Disability	<ul style="list-style-type: none"> <li>■ ISOs and RSUs vest in full</li> <li>■ Exercise period reduced to lesser of 1 year or the remaining term</li> </ul>
Vesting – Voluntary Resignation	<ul style="list-style-type: none"> <li>■ Unvested equity is forfeited</li> <li>■ Exercise period reduced to 30 days</li> </ul>
Vesting – Termination for Cause	<ul style="list-style-type: none"> <li>■ Unvested equity and unexercised options are forfeited</li> </ul>
Dividends	<ul style="list-style-type: none"> <li>■ Unvested RSUs accrue dividends</li> <li>■ Vested RSUs and exercised options receive a proportionate share of dividends paid with respect to common shares</li> <li>■ Unexercised options do not accrue nor receive dividends                             <ul style="list-style-type: none"> <li>• Customary anti-dilutive clause to be negotiated with regards to special dividends</li> </ul> </li> </ul>

<sup>1</sup> “**Available Cash**” means any Cash remaining on any of the Debtors’ balance sheets as of the Effective Date after funding all payments and reserves required under the Plan (other than distributions on account of principal and interest to the Holders of First Lien Claims), including the Other Unsecured Creditor Distribution (for the avoidance of doubt, any cash not distributed to the Holders of Other Unsecured Claims should be included in Available Cash).

<sup>2</sup> “**Distributable Cash**” means Available Cash less an amount agreed to by the Debtors and the Required Consenting Lenders, which amount agreed to by the Debtors and the Required Consenting Lenders shall be between \$50 million and \$175 million and shall be set forth in the Plan Supplement.

Monetization	<ul style="list-style-type: none"> <li>■ Termination Without Cause or For Good Reason or due to death or disability: cashless exercise &amp; ability to pay taxes through share withholding</li> <li>■ Otherwise: no cashless exercise</li> </ul>
Stockholders' Agreement	<ul style="list-style-type: none"> <li>■ Equity participants required to enter into a Stockholders' Agreement (containing transfer restrictions, call rights, tag along rights, registration rights, drag-along rights, etc.) as a condition to receiving any equity award or stock thereunder; provided that in the event a change in control occurs within 18 months of emergence, the call right cannot be exercised within 3 years of the change in control</li> </ul>
Restrictive Covenants	<ul style="list-style-type: none"> <li>■ Equity participants will continue to be bound by current restrictive covenants in existing employment agreements</li> </ul>

<b>Key Annual Incentive Plan (AIP) Terms</b>	
Terms	<ul style="list-style-type: none"> <li>■ The AIP will be structured to focus on the achievement of annual performance objectives, especially revenue and EBITDA growth and expense control</li> <li>■ Annual performance measures, goals and funding formulas will be set by the Board of Directors reasonably and in good faith in consultation with management (including FY 2014 performance measures) <ul style="list-style-type: none"> <li>• Actual bonuses may range from 0% to 200% of target bonus levels depending on performance achievement</li> <li>• While funding formulas will be set each year, it is anticipated that the threshold at which bonuses will begin to be funded will be set at least at 85% of goal(s), at which level 50% of the target bonus amounts would be earned</li> </ul> </li> </ul>
Performance Award Type	<ul style="list-style-type: none"> <li>■ Cash</li> </ul>

<b>Key Employee Contract Terms</b>	
CEO	<ul style="list-style-type: none"> <li>■ Term: 4 years with annual 1 year extensions beginning on 4<sup>th</sup> anniversary</li> <li>■ Base Salary: unchanged</li> <li>■ Target Bonus: 100% of Base Salary (per terms in AIP)</li> <li>■ Incentive Equity: 40% of MIP</li> <li>■ Severance: If terminated without Cause, for Good Reason or failure of Cengage to extend Employee Agreement, CEO to receive: <ul style="list-style-type: none"> <li>• Pro-rata Target Bonus</li> <li>• Cash payment equal to 3x (Base Salary + Target Bonus) paid in 12 monthly installments with remaining balance paid in lump sum thereafter</li> </ul> </li> <li>■ Current restrictive covenants</li> <li>■ Definition of Cause (as defined below) will not include cure for breach of non-compete / non-solicitation</li> <li>■ No 280G Gross up</li> </ul>
All Other Key Employees	<ul style="list-style-type: none"> <li>■ Cash compensation levels, severance and restrictive covenants unchanged from current agreements; provided that the nine members of Executive Team, excluding the CEO, will receive 2x severance if (i) a change in control occurs within 18 months of emergence and (ii) the Executive is terminated without Cause or with Good Reason within 6 months after the change in control</li> <li>■ Any executive not currently subject to restrictive covenant agreement will enter into one on substantially same terms as other non-CEO executives</li> </ul>

	<ul style="list-style-type: none"> <li>■ Definition of Cause (as defined below) – those employees who currently have agreements would adopt the Cause definition in this term sheet; definition will not include cure for breach of non-compete / non-solicitation</li> <li>■ No 280G Gross up</li> <li>■ Definition of Good Reason (as defined below) – only those employees who currently have Good Reason in their employment agreement will retain Good Reason in their employment agreement</li> </ul>
<p style="text-align: center;">Definitions</p>	<ul style="list-style-type: none"> <li>■ “Cause” – Defined as (i) willful failure to perform substantial job functions that continues after written notice from Cengage, (ii) material fraud or material dishonesty in performance of duties, (iii) conviction or plea or guilty or <i>nolo contendere</i> to a felony, (iv) willful malfeasance or willful misconduct in performance of duties or any willful act or omission (other than in the good faith performance of duties) that is materially injurious to the financial condition or business reputation of Cengage, (v) a material breach of confidentiality that is not cured within 15 days following notice, (vi) a material breach of non-disparagement that is not cured within 15 days following notice, or (vii) a material breach of non-compete, non-solicitation</li> <li>■ “Good Reason” – Defined as (i) material reduction in base pay or target bonus, (ii) material reduction in title, duties or responsibilities, (iii) an adverse change in reporting requirements, (iv) with respect to the CEO and CSMO only, relocation of more than 50 miles or (v) material breach of a material agreement, that, in any case, is not cured within 30 days of written notice from the executive <ul style="list-style-type: none"> <li>• Only those employees who currently have Good Reason in their employment agreements will retain Good Reason in their employment agreement, provided that only for the 6 month period following a change in control occurring within 18 months of emergence, “Good Reason” will be included for all executives.</li> </ul> </li> </ul>

## **Exhibit B**

### **Form Transfer and Joinder Agreement**

The undersigned (“Transferee”) hereby acknowledges that it has read and understands the Plan Support Agreement (the “Agreement”), dated as of February 1, 2014 by and among the Debtors and the Supporting Parties, including the transferor to the Transferee of any Claims (the “Transferor”), and agrees to assume, be bound by and timely perform all of the terms and provisions of the Agreement (as the same may be hereafter amended, restated or otherwise modified from time to time) to the extent Transferor was thereby bound, and shall hereafter be deemed to have all of the rights and obligations of, and to be, a Supporting Party for all purposes under the Agreement. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement, a copy of which, together with the Plan Term Sheet (as defined in the Agreement), is attached hereto as Exhibit A.

With respect to all Claims held by the Transferee, all related rights and causes of action arising out of or in connection with or otherwise relating to such Claims, the Transferee hereby makes all of the representations and warranties of a Supporting Party as set forth in the Agreement, including, without limitation, the representations and warranties set forth in Section 5.01 of the Agreement, as applicable.

The Transferee specifically agrees (i) to be bound by the terms and conditions of the First Lien Credit Facility, First Lien Indenture, Second Lien Indenture, Unsecured Notes Indenture and/or PIK Notes Indenture, as applicable, and the Agreement and (ii) to be bound by the vote of the Transferor if cast prior to the effectiveness of the Transfer of any Claim.



Date Executed: \_\_\_\_\_, 2014

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**Print name of Transferee**

**Name:**

**Title:**

**Address:**

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**Attention:**

**Telephone:**

**Facsimile:**

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<b>Principal Amount Held</b>	
<b>(Type of Claim)</b>	<b>Amount</b>