

CENGAGE AND MCGRAW-HILL TO MERGE, PROVIDING STUDENTS WITH MORE AFFORDABLE ACCESS TO SUPERIOR COURSE MATERIALS AND PLATFORMS

New company to positively impact the lives of millions of students globally

Accelerating and expanding affordability initiatives for college students in the U.S.

Expands access to a broader portfolio of high-quality learning materials and technology platforms

Creates operational scale to invest in digital transformation and advanced learning science

NEW YORK and BOSTON – May 1, 2019—McGraw-Hill and Cengage today [announced](#) that they have entered into a definitive agreement to combine in an all-stock merger on equal terms. The transaction, which has been unanimously approved by the Boards of Directors of both companies, will bring together two premier learning companies that will deliver significant benefits for students, educators, professionals and institutions worldwide.

“The new company will offer a broad range of best-in-class content – delivered through digital platforms at an affordable price,” said Michael E. Hansen, CEO of Cengage. “Together, we will usher in an era in which all students can afford the quality learning materials needed to succeed – regardless of their socioeconomic status or the institution they attend. Additionally, the combined company will have robust financial strength to invest in next-generation products, technology and services that create superior experiences and value for millions of students.”

“For more than a century, our goal has been to unlock the potential of each learner and improve lives through education,” said Nana Banerjee, President and CEO of McGraw-Hill. “Combining our two companies and our complementary offerings will enable us to continue innovating. In this way we can continue to empower students and educators around the world with a wide choice of affordable, engaging course materials and advanced digital platforms to help them succeed throughout a lifetime of learning.”

Cengage and McGraw-Hill are two organizations with complementary missions, capabilities and talent. Both have long-established offices and powerful brands in more than 100 countries and serve educators and students in K-12, Higher Education, English Language Teaching, Professional, Medical and Library Reference markets. Together, the new company will be even better positioned to create new, locally impactful products that use leading educational technology to improve learning experiences and outcomes.

Cengage is well-known for its focus on students and affordable access to quality learning. The company’s recently launched subscription service for U.S. college students, Cengage Unlimited, has already saved students more than \$60 million during the 2018-19 academic year alone. The subscription service offers unlimited access to more than 22,000 eBooks, online homework access codes and study guides, with low-cost print rentals available. A subscription also includes free access to Chegg Tutoring, Kaplan Test Prep, Quizlet, and Evernote’s note-taking app.

McGraw-Hill is a global leader in learning science and adaptive learning solutions with its award-winning McGraw-Hill ALEKS and McGraw-Hill Connect offerings. The company’s initiatives to lower costs for U.S. college students and increase student achievement – such as its Inclusive Access program, which provides college students with low-cost digital materials on the first day of class – saved students well over \$55 million in 2018. McGraw-Hill brings partnerships with more than 14,000 authors and educators in numerous fields of study.

DELIVERING MORE VALUE TO STUDENTS AND EDUCATORS – TOGETHER



Expands access to best-in-class content

Enhances learning experiences through proven digital platforms

Strengthens commitment to more affordable options

Delivers superior experience and value

Expands Access to Best-in-Class Content:

- The combined company will feature more than 44,000 titles from leading academics and experts, representing proven approaches to teach a wide variety of subjects.
- PreK-12th grade educators will benefit from the combination of McGraw-Hill's full portfolio of literacy, math, science and humanities curricula, and best-in-class adaptive technologies, with Cengage Advanced Placement offerings.

Enhances Learning Experiences through Proven Digital Platforms:

- The combined company will offer proven digital platforms and create better user experiences for all students globally, delivering seamless integration with other platforms, tools and applications.

Strengthens Commitment to More Affordable Options:

- Both parties maintain their commitment to high quality affordable solutions for U.S. college students. This includes a commitment to continuing and growing their Inclusive Access and Unlimited programs, with an opportunity to combine content and broaden the program offerings upon approval of the merger.
- The combined company will target cost synergies estimated at \$300 million over the next three years. This will unlock additional resources to increase value for students and educators by investing in areas such as adaptive learning, artificial intelligence, gamification and model-based testing tools.

Delivers Superior Experience and Value:

- With a focus on best-in-class content, proven digital platforms and affordability, the new company will be well-positioned to deliver superior experiences and greater value for students, educators and professionals.
- The combined company's learning platforms will better equip educators with advanced analytics to act earlier and enable students to achieve their full potential.

THE COMBINED COMPANY

The parties anticipate that the combined company will be named McGraw Hill, with details to be finalized prior to closing. The company will be led by Michael E. Hansen, currently CEO of Cengage. Nana Banerjee, who played a key role in facilitating the agreement to merge and in negotiating the material terms of the transaction, will continue to lead McGraw-Hill through the transition. The combined company's leadership team is expected to be comprised of members from both McGraw-Hill and Cengage and will be announced prior to close.

Based on the financial statements of Cengage and McGraw-Hill for the twelve months ending March 31, 2019, the combined company would have pro forma cash revenue of \$3,157 million and cash EBITDA less Prepub of \$889 million including the pro forma impact of \$300 million of cost synergies.

The transaction is expected to close by early 2020, subject to customary closing conditions, including receipt of regulatory approvals.

For more information, please visit BetterLearningTogether.com.

Joint Conference Call and Webcast Details

Cengage and McGraw-Hill will conduct a live conference call and webcast today at 8:30 a.m. ET. The webcast of the conference call can be found [here](#) with related slides available on each company's website. To join the call via phone, please dial (877) 407-9208 (domestic) and (201) 493-6784 (international).

The conference will also be available for replay through the McGraw-Hill and Cengage websites, or at (844) 512-2921 (domestic) and (412) 317-6671 (international) through May 15, 2019. The replay ID is 13690450.

About Cengage

Cengage is the education and technology company built for learners. We offer valuable options at affordable price points, including our industry-leading initiative Cengage Unlimited, the first-of-its-kind all-access digital subscription service for higher education. We embrace innovation to create learning experiences that build confidence and momentum toward the future students want. Headquartered in Boston, Cengage also serves K-12, library and workforce training markets around the world. Visit us at www.Cengage.com or find us on [Facebook](#), [Instagram](#), [LinkedIn](#) or [Twitter](#).

About McGraw-Hill

McGraw-Hill is a learning science company that delivers personalized learning experiences that help students, parents, educators and professionals drive results. We focus on educational equity, affordability and learning success to help learners build better lives. Headquartered in New York City, McGraw-Hill has offices across North America, Asia, Australia, Europe, the Middle East and South America, and makes its learning solutions for PreK-12, higher education, professionals and others available in more than 75 languages. Visit us at <https://www.mheducation.com/> or find us on [Facebook](#), [Instagram](#), [LinkedIn](#) or [Twitter](#).

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "will" and similar references to future periods. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the parties'

current beliefs, expectations and assumptions regarding the future of the parties' business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the parties' control. These risks include the risk that the transaction may not be completed in a timely manner or at all, which may adversely affect Cengage's and/or McGraw-Hill's businesses; the failure to satisfy the conditions to the consummation of the transaction; the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; the effect of the announcement or pendency of the transaction on Cengage's and/or McGraw-Hill's business relationships, operating results and business generally; the risk that the proposed transaction may disrupt current plans and operations and the potential difficulties in employee retention as a result of the transaction; the risk that management's attention may be diverted from Cengage's and/or McGraw-Hill's ongoing business operations, as applicable; and the outcome of any legal proceedings that may be instituted against the parties related to the merger agreement.

or the transaction. You should consider these factors, as well as other factors that are outlined in the “Risk Factors” section of Cengage’s FY18 Annual Report for the period ended March 31, 2018 and the “Special Note Regarding Forward-Looking Statements” section of the same report, as well as the other factor that are outlined in the “Risk Factors” section of McGraw-Hill’s FY18 Annual Report for the period ended December 31, 2018 and the “Special Note Regarding Forward-Looking Statements” in the same report, both located on the respective company’s website. Cengage’s FY19 Annual Report will be posted to the Company website later in May 2019. Any forward-looking statement made by the parties in this press release is based only on information currently available to the parties and speaks only as of the date on which it is made. The parties undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

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