Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD. AND NELSON EDUCATION HOLDINGS LTD.

Applicants

RESPONDING MOTION RECORD
(re: Applicants' Sale Motion returnable on August 13, 2015)

July 22, 2015

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Lawyers for Royal Bank of Canada

NELSON EDUCATION LTD.
EMAIL SERVICE LIST
[AS AT JULY 13, 2015]

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INDEX

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INDEX

TAB 1

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD. AND NELSON EDUCATION HOLDINGS LTD.

Applicants

RESPONDING AFFIDAVIT OF LES VOWELL
(Sworn on July 21, 2015)

I, **Les Vowell**, of the City of New York, in the State of New York, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am the Managing Director of RBC Capital Markets with responsibility for this account. As such, I have personal knowledge of the matters to which I hereinafter depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. This Affidavit is sworn on behalf of the Royal Bank of Canada's ("**RBC**") in response to a motion (the "**Sale Motion**") brought by the Applicants in these proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, (the "**CCAA**") commenced on May 12, 2015 (the "**Filing**

Date") pursuant to the Initial Order of Mr. Justice Newbould (as amended, the "**Initial Order**") for an Order:

(a) Approving the sale of substantially all of the property and assets of Nelson Education ("**Nelson Education**" or the "**Company**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between Nelson Education, as Seller and 682534 N.B. Inc., as Purchaser to be entered into following the granting of the requested Approval and Vesting Order (the "**Transaction**");

(b) Authorizing the Seller to enter into the Sale Agreement;

(c) Authorizing and directing the Seller to complete the Transaction, subject to the terms of the Sale Agreement;

(d) Subject to the satisfaction or waiver of all conditions precedent and the delivery of a certificate (the "**Monitor's Certificate**") to the Purchaser from the Court appointed Monitor (the "Monitor") in these proceedings, vesting all of the Seller's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement) in the Purchaser and/or one or more of its nominees, free and clear of, *inter alia*, any and all right, title, interest, liens, charges and encumbrances, other than permitted encumbrances, as set out in the proposes Order;

(e) Declaring that a Stockholders and Registration Rights Agreement (the "**Stockholders and Registration Rights Agreement**") that is to apply in respect of the lenders under the First Lien Credit Agreement (the "**First Lien Lenders**") dated as of July 5, 2007 (the "**First Lien Credit Agreement**") who are to become holders of the common shares of newly incorporated entity that will own 100% of the common shares of the Purchaser to which substantially all of the Company's assets would be transferred ("**Purchaser Holdco**") as of the implementation of the Transaction, shall be effective and binding on all persons entitled to receive common shares of Purchaser Holdco in connection with the Transaction, as if such persons were signatories to the Stockholders and Registration Rights Agreement'

(f) Upon the official change to the legal names of the Applicants following the closing of the Transaction, authorizing the deletion of the names of the Applicants in the within title of proceedings and their replacement with the new legal names of the Applicants; and

(g) Declaring that upon delivery of the Monitor's Certificate to the Purchaser, the Applicants, the Purchaser, their respective affiliates, the First Lien Lenders, Wilmington Trust, National Association as Administrative Agent and Collateral Agent (the "**First Lien Agent**"), Cortland Capital Market Services LLC, as sub-agent and supplemental administrative agent appointed in connection with the implementation of the Transaction, and their respective directors, officers, employees, advisors and other representatives (the "**Released Parties**") shall be released of claims in connection with the business of Nelson Education (the "**Nelson Business**"), the Sale and Investment Solicitation Process (the "**SISP**"), the Transaction, the First Lien Credit Agreement, these CCAA Proceedings, and other related matters.

3. In respect of Nelson Education, RBC is:

(a) a First Lien Lender holding approximately 12% of the principal amounts outstanding under the First Lien Credit Agreement and is the only First Lien Lender that is not a Consenting First Lien Lender (as defined in the Support Agreement dated as of September 10, 2014 (the "**Support Agreement**") among Nelson Education, Nelson Education Holding Ltd. ("**Holdings**"), the First Lien Agent and certain lenders under the First Lien Credit Agreement);

(b) the Administrative Agent and Collateral Agent (the "**Second Lien Agent**") pursuant to the Second Lien Credit Agreement dated as of July 7, 2007 (the "**Second Lien Credit Agreement**");

(c) a lender under the Second Lien Credit Agreement ("**Second Lien Lender**") holding the largest share of the principal amounts outstanding under the Second Lien Credit Agreement; and

(d) the financial institution providing cash management services to the Applicants.

4. The solicitation process initiated by Nelson Education immediately following the maturity date under the First Lien Credit Agreement in July, 2014 contemplated amending and extending the term of the First Lien Credit Agreement to 2017. This included a corollary three year extension of the term of the Second Lien Credit Agreement, on terms to be negotiated (the "**July Solicitation**"). RBC had been engaged in discussions with the Company in that regard and was supportive of the Company's efforts to find a consensual resolution. RBC took no steps following the non-payment of amounts owing to it under the Second Lien Credit Agreement,

continued to make cash management services available in accordance with its contractual obligations, and provided its agreement in writing to the July Solicitation whereby amounts owing under the First Lien Credit Agreement and Second Lien Credit Agreement would be extended.

5. During the July Solicitation process and until execution of the Support Agreement in September 2014, the framework to address Nelson Education's levered capital structure had included value being available to the Second Lien Lenders.

6. During the July Solicitation process, I learned that there was a change in the composition of the First Lien Lenders. In this regard, attached hereto as **Exhibit "A"** are copies of three articles published on debtwire.com during the solicitation process, which announce these changes. In particular, a supporter of the July Solicitation, Marblegate Asset Management, sold its First Lien Lender position and Mudrick Capital Management increased its holdings as a First Lien Lender. Subsequently, the Company's July Solicitation process failed to garner support from a sufficient percentage of the First Lien Lenders.

7. The Support Agreement among the Consenting First Lien Lenders and Nelson Education was subsequently entered into on September 10, 2014. The day after the execution of the Support Agreement, the article attached hereto as **Exhibit "B"** was published on debtwire.com.

8. RBC was not involved in the negotiation of the Support Agreement and is the only First Lien Lender that is not a Consenting First Lien Lender.

9. On May 29, 2015, at the conclusion of the comeback hearing following the commencement of the CCAA Proceeding, FTI Consulting Canada Inc. ("**FTI**") was appointed as the Monitor of the Applicants in place of Alvarez & Marsal Canada Inc. pursuant to the Order of Justice Newbould.

10. Since FTI's appointment, RBC has provided information to the Monitor regarding its concerns over the SISP, the lack of transparency and the lack of information provided to RBC in respect of the SISP and other indicators of the value of the Nelson Business.

11. I am advised by DJ Miller, counsel for RBC, that on June 4, 2015, she drew the Monitor's attention to Nelson Education's website that presented the Transaction to the public as a *fait accompli*. A copy of the email sent from DJ Miller to the Monitor on June 4, 2015 along with the attachment from the Company's website entitled "Transaction Update" is attached hereto as **Exhibit "C".**

12. I am advised by Kyla Mahar, counsel for RBC, that on July 20, 2015, in preparing this affidavit, she accessed Nelson Education's website to review the "Transaction Update" section and noted that it had been amended since RBC drew the language contained therein to the Monitor's attention. A copy of section entitled "Transaction Update" as it existed on July 20, 2015 and a blackline identifying the changes to the content on the Company's website relating to the Transaction is attached hereto as **Exhibit "D"**.

13. At the request of the Monitor, RBC through its counsel provided a memo to the Monitor dated June 5, 2015 summarizing RBC's initial concerns and potential concerns

regarding aspects of the SISP that were undertaken by the Company and its advisors and its outcome. A copy of the memo is attached hereto as **Exhibit "E"**.

14. On June 19, 2015, I, together with RBC's Canadian and U.S. advisors, met with the Monitor and its counsel to discuss, among other things, ways in which the value of the Nelson Business has not been maximized and could be maximized within a CCAA proceeding, together with a proposed structure for a potential consensual plan moving forward. At this meeting, we delivered copies of a presentation containing RBC's views, a copy of which is attached hereto as **Exhibit "F"**.

15. During the meeting on June 19, 2015 in response to a question from Jonathan Miller of CDG Group, LLC ("**CDG**"), financial advisor to the Second Lien Agent, the Monitor indicated that it had considered or would be considering other indicators of value of the Nelson Business in addition to the SISP in connection with the Report to the Court that it was preparing. As a result, Jonathan Miller prepared a presentation entitled "Nelson Education Summary Valuation Analysis". Jonathan Miller reviewed the valuation analysis presentation with me and I agree with the analysis contained therein.

16. I am advised by Jonathan Miller that he provided a copy of the presentation entitled "Nelson Education Summary Valuation Analysis" to the Monitor on July 2, 2015 and had discussions with the Monitor regarding valuing the Nelson Business both before and after delivering the presentation to the Monitor. A copy of the presentation entitled "Nelson Education Summary Valuation Analysis" delivered to the Monitor is attached hereto as **Exhibit "G"**.

17. One of the issues for which no visibility has been provided to the Court or RBC is that relating to the oversight and control exercised by a department of the federal government generally referred to as “Heritage Canada” pursuant to its statutory role under the *Investment Canada Act* (Canada). I understand that Nelson, as a Canadian publisher, falls under the Heritage Canada mandate and is subject to certain policies and guidelines aimed at ensuring foreign investment in Canada’s book industry is a net benefit to Canada.

18. RBC has, through counsel, requested information from the Company’s counsel as to what information has been provided to Heritage Canada in exchange for which they have apparently provided their support for the proposed Transaction, and whether any terms or conditions have been imposed by Heritage Canada as a condition of their consent. If the Transaction receives Court approval, then RBC, as a First Lien Lender will become an owner of the Nelson Business without having had any access to these communications, any representations that may have been made by the Company, or any terms or conditions that may have been imposed.

19. I have been advised by DJ Miller that she specifically asked counsel for the Company if Heritage Counsel was aware that the only Canadian financial institution among the First Lien Lenders did not support the Transaction and she did not receive a specific response from Company’s counsel. No representative of Heritage Canada is on the Company’s service list in the CCAA Proceeding. DJ Miller has advised me that she was advised by Company’s counsel that Heritage Counsel has been kept apprised and has been given the link to the Monitor’s website.

20. On July 10, 2015, RBC received a letter from the First Lien Agent regarding the CCAA Proceeding and the Sale Motion (the "**First Lien Agent Letter**"). A copy of the First Lien Agent Letter, without enclosures, is attached hereto as **Exhibit "H"**. DJ Miller, counsel to RBC, responded to the First Lien Agent Letter by letter addressed to Kevin Zych, counsel to the First Lien Agent, dated July 15, 2015 (the "**Responding Letter**"). A copy of the Responding Letter is attached hereto as **Exhibit "I"**.

21. I swear this Affidavit for the purpose of providing RBC's response to the Sale Motion and for no other or improper purpose.

SWORN before me at the City of New York, in the State of New York, this 21st day of July, 2015.	)))))	
Karen Markman		Leslie Vowell
Commissioner for Taking Affidavits		**LES VOWELL**

KAREN MARKMAN
Notary Public, State of New York
No. 01MA6320771
Qualified in Kings County
Commission Expires March 9, 2019

Exhibit "A"

09-Jul-14 - 13:40	**Nelson Education seeks loan extension amidst lender discord** Proprietary

Story:

Nelson Education this week launched a proposal asking lenders to extend its term loans, said two sources familiar with the matter. The Toronto-based post-secondary textbook provider is currently in default following this month's missed interest and principal payments on roughly USD 440m of debt, they added.

Under the terms of the proposal, holders of the borrower's USD 269m Libor+ 250bps first lien term loan that matured earlier this month (7 July) are asked to extend by three years to 2017. They will receive a new coupon of 7% in addition to a fee paid in kind amounting to 5% of the principal, they added. The extension would also give lenders the right to accelerate after 18 months if certain conditions aren't met, one of the sources added.

Meanwhile the company is also targeting an extension of its USD 153m L+ 575bps second lien term due 2015 by at least three years, they said. The coupon would likely flip to an all-PIK structure, they added.

Lenders will also obtain a pro rata USD 15m paydown, said the sources. Consents are due next Thursday (17 July).

Operationally, Nelson is battling lower government spending on education tools, as well as a secular decline for its books as customers trend towards digital teaching material.

As a result, the restructuring process is still fluid, with some lenders vying for a de-levering transaction in the form of a debt-for-equity swap, said one of the sources and a third source familiar.

However, management and some lenders take the view that the extension would allow it the needed time to work through the current downturn in government spending for education, said one of the sources.

The company has been in restructuring negotiations with holders of its debt since early this year in the face of increased leverage and the 2014 maturity.

Nelson missed the principal payment on its first lien debt that matured on 4 July, but was pushed back to 7 July on account of the holiday in the US markets, according to a recent Standard & Poor's report. Prior to that, Nelson missed a coupon payment due to its second lien holders on 30 June, the report noted.

Nelson has been long considered a target for **Cengage Learning**, an industry peer that Nelson currently has a procurement program with, said two of the sources. Cengage emerged from bankruptcy in April, after filing under the weight of LBO debt that supported its 2007 sale to Apax Partners by Thomson Corp. Thomson also owned Nelson, and sold it at the same time to OMERS Private Equity and Apax.

Nelson, OMERS, and Apax did not return calls seeking comment.

by Paunie Samreth and Hema Oza

Source:	Debtwire Proprietary
Intel. Grade:	Strong evidence
Intelligence ID:	1836517

10-Jul-14 - 17:40

Nelson Education first lien lender Marblegate exits position, foreshadowing restructuring tussle

Proprietary

Story:

Nelson Education's first lien term loan recently swapped hands after Marblegate Asset Management sold its exposure in the credit, according to two sources familiar with the matter.

The turn of events, announced during a lender call this week, could reshape the outcome of Nelson's efforts to address its levered capital structure. Connecticut-based Marblegate had been instrumental in crafting the debt extension proposal currently on the table, the sources said.

The company this week launched a deal, asking holders of its USD 269m Libor+ 250bps first lien term loan that matured earlier this month (7 July) to push out the debt by three years to 2017 with the right to accelerate after 18 months if certain conditions aren't met. In exchange, the lenders were offered a new 7% coupon, a 5% paid in kind fee and a pro rata USD 15m paydown. Consents are due next Thursday (17 July).

As part of its capital structure overhaul, Nelson is also looking to extend its USD 153m L+ 575bps second lien term due 2015 by at least three years and flip the coupon on the loan to a PIK structure.

The current plan was supported by Marblegate, even as other investors active in the credit attempted to push competing visions including a debt-for-equity swap, the sources said. With the proposal's main supporter out of the picture, the fluid situation could shift course, they agreed.

Operationally, Nelson is battling lower government spending on education tools, as well as a secular decline for its books as customers trend towards digital teaching material.

The textbook company has been in restructuring negotiations with holders of its debt since early this year in the face of increased leverage and the 2014 maturity. In its effort to come up with a solution for its troubled balance sheet, Nelson has been advised by Alvarez & Marsal and Akin Gump, while the first lien lenders have been working with Willkie Farr and AlixPartners. CDG Group and Shearman & Sterling are advisors to the second lien group.

Amid the ongoing discussions, Toronto-based Nelson elected to skip recent interest and principal payments that were due on its roughly USD 440m of debt.

Nelson has long been considered a target for **Cengage Learning**, an industry peer that it currently has a procurement program with. Cengage emerged from bankruptcy in April, after filing under the weight of LBO debt that supported its 2007 sale to Apax Partners by Thomson Corp. Thomson also previously owned Nelson, and sold it at the same time to OMERS Private Equity and Apax.

The first lien loan was last quoted largely unchanged at 82.5/84.813 on Markit.

Officials from Nelson and Marblegate did not return calls seeking comment.

by Hema Oza and Reshmi Basu

Source: Debtwire Proprietary

Intel. Grade: Strong evidence

Intelligence ID: 1837473

14-Jul-14 - 16:32	**Nelson Education loan scooped up by Mudrick, investors brace for possible shift in talks** Proprietary

Story:

Mudrick Capital Management has accumulated a significant position in **Nelson Education** after Marblegate Asset Management sold off its exposure in the credit last week, according to three sources familiar with the situation.

Mudrick, which has held positions in distressed print-oriented situations such as **Nebraska Book** and **Lee Enterprises**, was one of three investment firms that purchased Marblegate's position in Nelson's USD 269m Libor+ 250bps first lien term loan, two of the sources noted. The investor's specific buy-in to the loan was larger than the other two firms', and is expected to put Mudrick in the driver's seat for future negotiations with the company, the sources said.

Nelson last week launched a deal seeking to extend its first lien term loan that matured earlier this month (7 July) by three years to 2017, giving holders the right to accelerate after 18 months if certain conditions aren't met. In exchange, the lenders were offered a new 7% coupon, a 5% paid in kind fee and a pro rata USD 15m paydown. Consents are due Thursday (17 July).

As part of the capital structure solution, the issuer is also looking to extend its USD 153m L+ 575bps second lien term due 2015 by at least three years and flip the coupon on the loan to a PIK structure.

The current proposal was supported by Marblegate, even as other investors including Ares Capital Management attempted to push competing visions including a debt-for-equity swap, two of the sources and a fourth source familiar noted. Since Ares Capital's early active involvement in the talks, the investor has taken a back seat in more recent negotiations, the first two sources said. However, Marblegate's decision to sell off its exposure could spark renewed attempts by investors seeking control of the company.

The textbook company has been in restructuring negotiations with holders of its debt since early this year in the face of increased leverage and the 2014 maturity on its first lien loan. In its effort to come up with a solution for its troubled balance sheet, Nelson has been advised by Alvarez & Marsal and Akin Gump, while the first lien lenders have been working with Willkie Farr and AlixPartners. CDG Group and Shearman & Sterling are advisors to the second lien group.

The first lien loan was last quoted mostly unchanged at 82.4/84.75 on Markit.

Calls made to Nelson, Mudrick and Ares were not returned.

by Hema Oza, Reshmi Basu and Paunie Samreth

Source: Debtwire Proprietary

Intel. Grade: Strong evidence

Intelligence ID: 1839369

Exhibit "B"

CH11-Restructuring

Nelson Education Ltd

Next results:

Debtor Description	Restructuring Details	Timetable	Advisors	**All Intelligence**	Balance Sheet & Docs	Pre-restructuring Debt

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11-Sep-14 - 12:42	**Nelson Education first liens ink deal to grab control if no buyer emerges** **Proprietary**

Story:

Nelson Education and first lien lenders have struck a deal to hand the keys to the senior lending group if the textbook provider can't find a buyer by November, said two sources familiar with the situation.

The restructuring support agreement scuttles a prior plan that called for an extension of roughly USD 440m of bank debt. That deal would have enabled the company to work through a downturn in government spending for education. But some of the investors who backed the amend-and-extend have since sold their positions, paving the way for first lien lenders angling for control, the sources continued.

Under the terms of the new RSA, Nelson, alongside advisor Alvarez & Marsal, will explore a sale of the textbook company, they said. The sale process will be bound by lender approval, they said . Lenders in support of the RSA include steering committee members: Ares Capital, Mudrick Capital Management, Sound Point Capital Management, ALJ Capital Management, Citibank, Hudson Bay Capital Management, and GE Capital, the sources said.

If an acceptable buyer doesn't step up by 7 November, holders of Nelson's USD 269m Libor+ 250bps first lien term loan will become majority equity owners. A new five-year USD 200m first lien term loan will also be placed, alongside a revolver of up to CAD 20m. The coupon on the TLB will be either 10% cash or 8% cash/4% PIK, they said. Meanwhile, holders of a USD 153m L+ 575bps second lien term loan due 2015 would be wiped out.

Covenants on the new bank debt would be similar to that of its current bank debt, with the addition of a 25% cash flow sweep, the sources agreed.

"It's a much better deal than the last one they had" since second lien holders are not getting any benefits at the expense of the first liens, commented one of the sources.

Consenting lenders who sign on by 25 September will obtain an early consent fee of 2% in addition to a percentage of total par value calculated as 10% less the existing L+ 250bps loan coupon and the default rate, the sources said. Investors will also obtain a monthly cash consent fee after 30 September, payable at the end of each month.

Thus, investors would get paid monthly as Nelson seeks a buyer, said the first source. Assuming a buyer steps up by the 7 November deadline, a deal is expected to be consummated by 15 December, subject to regulatory approval, he added.

Investors are projecting a near-term uptick in government spending for education given that the last big spending cycle was in 2006, said one of the sources.

"There is definitely a strong backlog of demand as evidenced by the fact that in 2013 there was no new curriculum released in Canada and there have been many years of reduced spending in the classrooms," said one of the sources. However, the higher education business, which makes up around 65% of sales continue to undergo a shift towards digital, he added.

"Higher education is more of a wildcard," and it's still unknown how the segment will perform in the near future, the source concluded.

Nelson did not return calls seeking comment.

by Paunie Samreth and Hema Oza

Source:	Debtwire Proprietary
Intel. Grade:	Strong evidence
Intelligence ID:	1874661

Exhibit “C”

Roxana Manea

From: "D. J. Miller"
Sent: June-04-15 1:33 PM
To: 'nigel.meakin@fticonsulting.com'; 'evan.cobb@nortonrosefulbright.com'
Cc: 'toni.vanderlaan@fticonsulting.com'; 'orestes.pasparakis@nortonrosefulbright.com'; Kyla Mahar
Subject: Nelson
Attachments: Nelson Website - Transaction Update.DOCX

As discussed (Nigel and Evan), attached is the information on the company's website. It is presented as a *fait accompli*, and further increases our concern about the perpetual chilling of the market for any type of proper sale process or alternate transaction (refinancing, sale or otherwise) within a court proceeding. That has been the case since last September.

D.J.

TGF Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

D.J. Miller | djmiller@tgf.ca | Direct Line: 416-304-0559 | Thornton Grout Finnigan LLP | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | Phone: 416-304-1616 | Fax: 416-304-1313 | www.tgf.ca

Transaction Update

Nelson Education has proudly served Canadians for over 100 years, dedicated to our mission of enabling the success of Canadian students and educators. We continue to enjoy a leadership position in Canada that includes a repertoire

Nelson has reached an agreement with our senior secured first lien lenders whereby a new entity owned by these lenders ("New Nelson") will acquire substantially all of the business, assets and property of Nelson pursuant to a going-concern transaction (the "Sale Transaction"). As a result of this transaction, the overall debt against Nelson's business will be significantly reduced, preserving the value of the Nelson business and allowing our business to continue uninterrupted. The Sale Transaction will create a much stronger Canadian educational publishing company for the benefit of all of Nelson's stakeholders, including its Canadian employees, its Canadian authors and its suppliers and trade creditors.

The Sale Transaction has the following key elements:

- New Nelson will purchase substantially all of the business, assets and property of the Company;
- New Nelson will assume substantially all of the Company's trade payables and contractual obligations;
- New Nelson will continue to fulfill the Company's obligations to its customers, authors, suppliers and other trade creditors;
- New Nelson will offer employment to all of the Company's current employees and assume substantially all of the Company's employment obligations; and
- the Sale Transaction is expected to close in June 2015.

The Sale Transaction will be implemented through a Court-supervised process. To that end, Nelson has applied for and obtained an Order of the Ontario Superior Court of Justice (Commercial List) initiating proceedings under the Companies' Creditors Arrangement Act (the "CCAA Proceedings"). The CCAA Proceedings are a mechanism that will allow Nelson to transfer substantially all of its assets and property as a going concern to New Nelson while continuing to operate the Nelson business in the normal course.

This action is expected to have no impact on Nelson's operations, which remain strong and reliable. Our investment plans for both print and digital products are robust and future oriented. It will continue to be business as usual at Nelson.

We have the funding necessary to carry on our business as usual while the CCAA Proceedings and the Sale Transaction are being completed and intend to conduct business as usual with you during this period. We will continue to pay for goods and services that are contracted for and supplied to the Company in the ordinary course.

Nelson has worked closely with Canadian Heritage in order to make them aware of the transaction, the plans for the Canadian business post-transaction and to address whether the transaction is subject to review under the Investment Canada Act.

As part of the CCAA Proceedings, FTI Consulting Canada Inc. ("FTI"), has been named the Court-appointed Monitor of the Company. FTI's role will be to monitor and report to the Court with respect to the Company's operations. Nelson will be seeking a further Court order in due course to approve the specific terms of the Sale Transaction. Additional information is also available on FTI's website at http://cfcanada.fticonsulting.com/NelsonEducationLtd/

We greatly value our relationship with our customers, suppliers, vendors, authors and other content providers and appreciate your continued support. We will keep you informed of events as we move toward our promising future, and we look forward to working together with all of our stakeholders to complete a successful transition of the Nelson business.

Exhibit “D”

Transaction Update[1]

Nelson Education has proudly served Canadians for over 100 years, dedicated to our mission of enabling the success of Canadian students and educators. We continue to enjoy a leadership position in Canada that includes a repertoire of both print and leading edge digital publications, providing value to learners of all ages.

Nelson has reached an agreement with our senior secured first lien lenders whereby a new entity owned by these lenders ("New Nelson") will acquire substantially all of the business, assets and property of Nelson pursuant to a going-concern transaction (the "Sale Transaction"). The Sale Transaction is subject to approval of the Court. As a result of this transaction, the overall debt against Nelson's business would be significantly reduced, preserving the value of the Nelson business and allowing our business to continue uninterrupted. The Sale Transaction would create a much stronger Canadian educational publishing company for the benefit of Nelson's stakeholders, including its Canadian employees, its Canadian authors and its suppliers and trade creditors.

The Sale Transaction has the following key elements:

- purchase by New Nelson of substantially all of the business, assets and property of the Company;
- assumption by New Nelson of substantially all of the Company's trade payables and contractual obligations;
- continued fulfillment by New Nelson of the Company's obligations to its customers, authors, suppliers and other trade creditors;
- offer of employment by New Nelson to all of the Company's current employees and assumption by New Nelson of substantially all of the Company's employment obligations; and
- the Company is working to complete the Sale Transaction as soon as possible.

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[1] Accessed Nelson Education's website www.nelson.com at 5:53 p.m. on July 20, 2015.

It is intended that the Sale Transaction will be implemented through a Court-supervised process. Nelson has applied for and obtained an Order of the Ontario Superior Court of Justice (Commercial List) initiating proceedings under the Companies' Creditors Arrangement Act (the "CCAA Proceedings"). The CCAA Proceedings provide for an ability to transfer substantially all of Nelson's assets and property as a going concern to New Nelson while continuing to operate the Nelson business in the normal course.

This action is expected to have no impact on Nelson's operations, which remain strong and reliable. Our investment plans for both print and digital products are robust and future oriented. It will continue to be business as usual at Nelson.

We have the funding necessary to carry on our business as usual while the CCAA Proceedings and the Sale Transaction are being completed and intend to conduct business as usual with you during this period. We will continue to pay for goods and services that are contracted for and supplied to the Company in the ordinary course.

Nelson has worked closely with Canadian Heritage in order to make them aware of the transaction, the plans for the Canadian business post-transaction and to address whether the transaction is subject to review under the Investment Canada Act.

As part of the CCAA Proceedings, FTI Consulting Canada Inc. ("FTI"), has been named the Court-appointed Monitor of the Company. FTI's role will be to monitor and report to the Court with respect to the Company's operations. Nelson will be seeking a further Court order in due course to approve the Sale Transaction. Additional information with respect to the CCAA Proceedings and the Sale Transaction is also available on FTI's website at http://cfcanada.fticonsulting.com/NelsonEducationLtd/.

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- purchase by New Nelson ~~will purchase~~of substantially all of the business, assets and property of the Company;
- assumption by New Nelson ~~will assume~~of substantially all of the Company's trade payables and contractual obligations;
- continued fulfillment by New Nelson ~~will continue to fulfill~~of the Company's obligations to its customers, authors, suppliers and other trade creditors;
- ~~New Nelson will~~ offer of employment by New Nelson to all of the Company's current employees and ~~assume~~assumption by New Nelson of substantially all of the Company's employment obligations; and
- the Company is working to complete the Sale Transaction ~~is expected to close in June 2015.~~ as soon as possible.

---

1 Accessed Nelson Education's website www.nelson.com at 5:53 p.m. on July 20, 2015.

~~The~~It is intended that the Sale Transaction will be implemented through a Court-supervised process.~~ To that end,~~ Nelson has applied for and obtained an Order of the Ontario Superior Court of Justice (Commercial List) initiating proceedings under the Companies' Creditors Arrangement Act (the "CCAA Proceedings"). The CCAA Proceedings ~~are a mechanism that will allow Nelson~~provide for an ability to transfer substantially all of ~~its~~Nelson's assets and property as a going concern to New Nelson while continuing to operate the Nelson business in the normal course.

This action is expected to have no impact on Nelson's operations, which remain strong and reliable. Our investment plans for both print and digital products are robust and future oriented. It will continue to be business as usual at Nelson.

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Document comparison by Workshare Compare on Monday, July 20, 2015 5:56:28 PM

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Description	#1283283v1<Client> - Nelson Website - Transaction Update
Document 2 ID	interwovenSite://TGF-WSS01/Client/1307285/1
Description	#1307285v1<Client> - Transaction Update - accessed on July 20-15 at 5:53 p.m.
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	38

Exhibit “E”

Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

M E M O R A N D U M

TO:	Nigel Meakin, FTI Consulting, Inc. Toni Vanderlaan, FTI Consulting, Inc.
CC:	Evan Cobb, Norton Rose Fulbright Canada LLP Orestes Pasparakis, Norton Rose Fulbright Canada LLP
FROM:	D.J. Miller and Kyla E.M. Mahar
DATE:	June 5, 2015
RE:	Nelson Education Ltd. ("**Nelson**") Sale and Investor Solicitation Process ("**SISP**") undertaken by Alvarez & Marsal Canada Securities ULC ("**A&M**")

This document may not be shared with anyone by FTI or their legal counsel, and is provided for discussion purposes only.

You have requested that we summarize RBC's initial concerns and potential concerns regarding aspects of the SISP that has been undertaken by the Company and its advisors to date. In that context, the following list is provided to the Monitor to identify some of the preliminary concerns RBC has with respect to the SISP and its outcome, in its capacity as non-consenting First Lien Lender, Second Lien Agent and Second Lien Lender.

The list should not be seen as an exhaustive list of all concerns with respect to the manner in which Nelson and its advisors first concluded that there was no value for the Second Lien Lenders and then undertook its SISP to prove its conclusion. Moreover, the list is not necessarily exhaustive as RBC is still reviewing information that was not provided to it in respect of the SISP until after the commencement of the CCAA Proceedings (and may still be lacking other relevant information). RBC has not yet undertaken in earnest its review of the documents delivered in respect of the SISP and the proposed Transaction, as it was dealing with the Initial Application and the Comeback Hearing.

1. The process was doomed to fail (without a court proceeding which was not publicized as contemplated) as it was undertaken without full support of the First Lien Lenders and no support of the Second Lien Lenders and outside of a formal court proceeding.

2. There does not appear to have been any general publication of the opportunity or the SISP process. Only those parties who the company or A&M identified were contacted and advised of the process and invited to participate. Even if the Monitor concludes, however, that all of the appropriate parties were contacted as part of the SISP, RBC is of the view that the process would still be flawed for the reasons forth herein.

3. RBC was not consulted in respect of any aspect of the SISP either prior to or during the process.

4. RBC was not provided any information in respect of the SISP notwithstanding requesting same. The reason provided was that RBC was required to sign an onerous confidentiality agreement in order to be provided any update notwithstanding the confidentiality provisions in the Second Lien Loan Agreement.

5. A&M in undertaking the SISP had a goal "of completing a successful Transaction in the most expedient manner" as set out in its September 2014 Engagement Letter. RBC is of the view that this overarching goal is not the same as maximizing value for the stakeholders – the goal that would be established in a CCAA Proceeding.

6. The Transaction under the Support Agreement had the impact of de-incentivizing management to maximize value for all stakeholders. The sale of the business under the Transaction results in "business as usual" for the company, whereas a sale to a strategic buyer or another party could have created uncertainties, including continued retainers or employment of senior management. Also, a sale for cash consideration may not have resulted in any direct benefit to the business. It may have resulted in funds going to the Second Lien Lenders, whose interest the company was advised would be eliminated in a subsequent Court proceeding.

7. The SISP was negotiated with the First Lien Lenders and specifically contemplates that the First Lien Lenders' advisors will be consulted in the evaluation of LOIs and the evaluation of offers received. In RBC's view, a party that is a bidder (by credit bid or otherwise) should remain on the outside of the process and not be given any inside information or access to information relating to the process being undertaken, including who is being approached, submitting LOIs and offers, the terms of the offers etc. This would have a chilling impact on the process. There is no distinction between the lenders themselves and their financial advisors, in terms of someone being "in the tent". This would be a concern both for financial and strategic parties.

8. It appears that Nelson's board and/or management conceded significant influence over the SISP, if not outright control, to the First Lien Lenders. Around the time that the Support Agreement was signed, the shareholders of Nelson (and their board representatives) disengaged from the process, and some of the directors resigned.

9. The SISP was also looking for a transaction to pay the First Lien Lenders' debt in full, calculating the principal amount of their claims at $268 million. That price does not account for the reductions to the amount of the First Lien Lenders' claims that RBC believes are appropriate in light of the consent fee and interest payments the First Lien Lenders have received and the other claims RBC would assert against the First Lien Lenders (to be discussed with the Monitor). It also does not account for Nelson's cash balances as normally a purchaser of a business does not buy cash.

10. The Cengage contract expires in 2018 and the business' value is linked to Cengage contract. As a result, extending the Cengage contract in RBC's view would have been

fundamental to maximize value. A&M acts both for Nelson and Cengage it is difficult to see how they could have been part of the discussions to seek to extend that contract. This contract was not extended. RBC has no visibility into whether parties interested in putting in offers were given an opportunity to speak with Cengage to gauge for themselves the potential for this contract to be extended. Moreover, waiting until the Transaction is concluded to extend the Cengage contract enhances the value only for the First Lien Lenders instead of maximizing value in the process.

11. Throughout negotiations and discussions with the Company and A&M, Heritage Canada was often put up as a roadblock to be able to access full value for the Company. However, the First Lien Lenders with the exception of RBC and a couple of other small lenders, are all US entities and yet the Company advises that Heritage Canada issues have been satisfied. Heritage Canada is not on the Service List for the CCAA Proceedings, and may not be aware of RBC's position. Putting forward the form of transaction and how to satisfy Heritage Canada could have had, in our view, a significant impact on the process. The First Lien Lenders had the benefit of inside information from the Company through various discussions with Heritage Canada, which third parties did not have.

12. The transaction as presented was incapable of being completed outside of a Court proceeding, and the teaser and (subject to review) the CIMs do not purport to advise potential bidders that the transaction would be completed as part of a Court process. In the absence of this disclosure, prospective purchasers would be effectively asked to pay or assume $400 Million + of secured debt as part of any offer.

13. RBC is of the view that A&M undertaking a sale process outside of a proceeding in Canada would be seen by certain players as an indication that a formal insolvency proceeding was on the horizon and therefore, many potential bidders may have determined that it was more appropriate to wait until a formal proceeding was commenced before participating.

14. To the extent that there was a Heritage Canada "work around", it should have been put forward as being available to all potential bidders, not just those "inside the tent". Otherwise, the Heritage Canada issue simply appears as another obstacle to completion.

Exhibit “F”

Discussion Materials – Nelson Education

June 19, 2015

Introduction

- The second lien lenders believe there are number of areas that if further explored would improve the financial prospects of the business and overall recoveries for all key stakeholders.
- The sales process that Nelson and the first lien lenders undertook was flawed because it did not address any of these areas adequately, if at all.
- We have outlined numerous concerns with the sales process undertaken in our memo to you dated June 5, 2015 and we do not intend to focus this presentation on those concerns.
- The purpose of this presentation is to discuss ways value of the business has not been maximized and could be maximized, along with outlining the second lien lenders’ views of a structure for a potential consensual plan moving forward

Areas to Explore to Maximize Value

- **Business Plan:** The second lien lenders believe the prospects for Nelson are strong and the business plan does not accurately reflect the future potential of the business. In particular, the second lien lenders are of the view that there is a disconnect between Nelson's current positioning in the market and its projections for growth in revenue and EBITDA in the future.
  - Nelson is a dominant player in each of its key markets
  - Nelson is well positioned to continue to improve its market position
    - Nelson is the only education publisher that is solely focused on the Canadian market and as a result, its depth of Canadian content is unrivaled. In addition, Nelson has the largest sales force in the market and the deepest relationships with the provinces, school systems, universities/colleges and educators
    - Nelson's products and platforms are helping to create the market for, and transition customers to, digital, which is expected to benefit Nelson (at the expense of smaller players in the market and used/rental companies)
  - Despite Nelson's opportunities, its projections assume only modest growth in revenue and EBITDA
    - Nelson's business plan summarized in its marketing materials indicate a 5yr revenue CAGR of only 3.2% despite years of under-investment in its markets and a significant build-up of educational resource demand
    - The second lien lenders believe this leaves value unrealized and results in potential parties interested in the business undervaluing it

Areas to Explore to Maximize Value (cont'd)

- **Marketing Materials:** The marketing materials Nelson and the first lien lenders used in the sale process did not portray Nelson in the best light possible and are not consistent with how others in the industry report certain key metrics to the investor community. The second lien lenders are of the view this resulted in an undervaluation of the business.
  - As an example, many of Nelson's competitors, such as Cengage, Houghton Mifflin and McGraw-Hill report EBITDA <u>including</u> the benefit of deferred revenue. Nelson does not present EBITDA including the benefit of deferred revenue
    - In the LTM period ended March 31, 2015, Cengage included $23.3 million of deferred revenue in its presentation of EBITDA that totaled $616.5 million
    - In the LTM period ended December 31, 2014, Houghton Mifflin included $230 million of deferred revenue in its presentation of EBITDA that totaled $495 million
    - Nelson has not provided the second lien lenders with deferred revenue numbers (nor were they included in its marketing materials), but the second lien lenders estimate that it ranges between $1.5 million to $4.0 million, which based on the trading multiples of comparable companies translates into meaningful incremental enterprise value
  - In addition, many of Nelson's competitors have taken aggressive actions to reduce costs and present EBITDA including the full year benefit of cost savings initiatives. The marketing materials did not address Nelson's plans in in respect of cost reductions to further improve value of the business.
    - Competitors have aggressively improved profitability by focusing on initiatives such as headcount reductions, shrinking/consolidating facility and warehouse costs, reducing supplier costs, tightening expense policies, optimizing pricing, optimizing IT costs, streamlining product development costs, reducing product sampling costs, etc.

Areas to Explore to Maximize Value (cont'd)

- **Monetization of Real Estate:** Nelson currently owns its facility in Toronto, Ontario, which it has indicated could be worth $20 million.
  - There could be further value to the second lien lenders if Nelson explored and was successful in monetizing its owned real estate through either an outright sale or sale-leaseback transaction
- **Heritage Canada:** The current Heritage Canada guidelines place significant restrictions on who could purchase Nelson and were a significant impediment in the sale process.
  - Now that Heritage Canada has indicated that Nelson can be controlled by a group of non-Canadian funds, Nelson should obtain advance approval (such as a form of comfort letter) from Heritage Canada that could be provided to bidders that meet certain conditions.
  - This would provide comfort to potential acquirers that they have the ability to own Nelson, thereby improving the value of the company.
  - This would also expand the universe of potential lenders to Nelson as it also removes any future Heritage Canada risk they may otherwise have. Lenders would know they have the ability to realize on their security, if necessary, without Heritage Canada impediments.
- **Operating Agreement with Cengage:** Cengage is a critical supplier to Nelson's higher education business (which accounts for ~70% of Nelson's total revenue). The near-term maturity of the existing operating agreement creates uncertainty and presents challenges for a potential acquirer of Nelson. The second lien lenders believe there could be ways to structure a deal with Cengage whereby Cengage extends the existing operating agreement in exchange for an equity ownership stake in the business
  - An extension of existing operating agreement with Cengage removes uncertainty for the long-term prospects of the business and significantly improves the sales prospects and enterprise value of the business
  - Cengage has already been approved by Heritage Canada to be an owner of Nelson

Conclusions

- While the second lien lenders acknowledge that leverage through second lien debt is too high, current leverage through the first lien debt at Nelson is below the enterprise value to EBITDA multiples of comparable companies such as Cengage, Houghton Mifflin and Pearson, indicating that there is value to the second lien lenders

- In addition, the second lien lenders believe that Nelson has the opportunity to improve recoveries for all stakeholders by monetizing its owned real estate, implementing additional cost initiatives and further developing strategies to grow revenue

- The second lien lenders believe it is critical that the Monitor focus its efforts on the following:
  - Ensuring that the projections reflect the future potential of the business and incorporate all of the appropriate initiatives to drive revenue, cost savings and EBITDA growth
  - Ensuring that Nelson presents EBITDA (add-backs, deferred revenue, etc.) and leverage consistent with industry practice
  - Ensuring that Nelson explores all opportunities to monetize assets and reduce leverage
  - Ensuring that a solution for Heritage Canada exists and is communicated as available to all interested parties and not just the first lien lenders
  - Ensuring that Nelson explores all opportunities with Cengage to extend the existing operating agreement

Framework for a Restructuring Transaction

- $200 million of first lien debt
  - 5 year maturity
  - Cash interest rate in an amount TBD
  - 75% excess cash flow sweep
- $55 to $68 million of either convertible secured notes or preferred shares [range is based on characterization of consent fees paid, following determination if necessary]
  - 8 year maturity
  - PIK interest rate in an amount TBD
- Equity to be shared, in amounts TBD, amongst the following parties:
  - Existing first lien debt (to own a majority of the equity)
  - Existing second lien debt
  - Cengage, in the event that Cengage agrees to extend the existing operating agreement with Nelson
    - Call option at an agreed upon price could also be provided to Cengage

Benefits

- Existing first lien debt continues to receive interest / dividends on their original exposure
- No value flows to new equity until new first lien debt and convertible secured notes/preferred shares are repaid in full
- Cengage has economic incentive to extend term of existing operating agreement and benefits from an increase in the enterprise value of Nelson (and can provide roadmap to ultimately own 100% of Nelson)
- Existing second lien debt participates in the upside, but only after the existing first lien debt is fully repaid their current exposure including interest accruing under instruments proposed above

Exhibit "G"

I. Nelson Education Summary Valuation Analysis

Summary

- **As summarized on the following pages, the current enterprise value multiples of comparable public companies and average transaction multiples of recent education publishing M&A transactions indicates that there is meaningful value in the second lien debt of Nelson Education**
  - These multiples indicate that the value of the second lien debt ranges from ~$35 million to ~95 million (possibly higher based on which sub-set of multiples are used)
- **The value to the second lien would have been higher in September 2014 when Nelson Education entered into the Support Agreement with the first lien lenders as the Canadian dollar has since weakened against the US Dollar**
  - The USD to CAD exchange rate has moved from 1.09 in September 2014 to 1.25 today
  - This weakening has increased the Canadian dollar equivalent of the US dollar first lien term loan by ~43 million
  - The second lien debt would have been valued ~43 million higher than the values indicated above back in September 2014 when Nelson Education entered into the Support Agreement with the first lien lenders

(1) Excludes Deferred Revenue
(2) Includes Deferred Revenue

Summary Nelson Financial Data and Public Company EV Multiples

Nelson Financial Data (3/31/15)

(in CAD millions, unless otherwise noted)

	Excl. Deferred Revenue	Incl. Deferred Revenue
LTM Pre-Plate EBITDA	$42.8	$45.3
LTM Post-Plate EBITDA	31.5	34.0
LTM Post-Plate EBITDA - Other Capex	29.9	32.4
Plate Capex	11.3	
Other Capex (estimated by CDG)	1.7	
Deferred Revenue (mid-point of range provided by FTI)	2.5	
Cash	24.5	
First Lien Debt (in USD)	268.8	
First Lien Debt less Consent Fee (in USD)	255.8	
First Lien Debt (in CAD converted at 1.25)	335.9	
First Lien Debt less Consent Fee (in CAD converted at 1.25)	319.7	
Real Estate Value (based on estimate provided by Nelson)	20.0	

Enterprise Value Multiples of Public Company Comparables

	Cengage	Houghton Mifflin	Average	Pearson	Average Incl. Pearson
Excl. Deferred Revenue					
EV / LTM Pre-Plate EBITDA	6.67x	13.70x	10.18x	14.25x	11.54x
EV / LTM Post-Plate EBITDA	8.93x	19.51x	14.22x	24.83x	17.76x
EV / LTM Post-Plate EBITDA - Other Capex	10.93x	27.66x	19.29x	29.41x	22.66x
Incl. Deferred Revenue					
EV / LTM Pre-Plate EBITDA	6.41x	8.06x	7.24x	12.69x	9.06x
EV / LTM Post-Plate EBITDA	8.49x	9.78x	9.13x	20.46x	12.91x
EV / LTM Post-Plate EBITDA - Other Capex	10.27x	11.47x	10.87x	23.47x	15.07x

Source: Wall Street equity research, Capital IQ, and public filings

Implied Value of Nelson Second Lien Debt

- **The table below summarizes the implied value of the second lien debt based on the (i) average enterprise value multiples of Cengage and Houghton Mifflin and (ii) average transaction multiples of recent education publishing M&A transactions**

Implied Value of Second Lien Debt - Average Multiples of Cengage and Houghton Mifflin

(in CAD millions)

	Based on Public Company Comparables (1)			Based on Public Company Comparables (2)			Based on Education Publishing M&A Transactions (1)	
							Average Last 3 Years	Average Last 11 Years
	Pre-Plate EBITDA	Post-Plate EBITDA	Post-Plate EBITDA - Other Capex	Pre-Plate EBITDA	Post-Plate EBITDA	Post-Plate EBITDA - Other Capex	Pre-Plate EBITDA	Pre-Plate EBITDA
Nelson LTM 3/31/15 Financial Data	$42.8	$31.5	$29.9	$45.3	$34.0	$32.4	$42.8	$42.8
Enterprise Value Multiple	10.18x	14.22x	19.29x	7.24x	9.13x	10.87x	8.60x	13.10x
Implied Enterprise Value of Nelson	$436.0	$448.6	$576.5	$328.1	$310.9	$352.0	$368.2	$560.9
Plus: Cash	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5
Less: First Lien Debt less Consent Fee	319.7	319.7	319.7	319.7	319.7	319.7	319.7	319.7
Remaining Value for Second Lien Debt	**$140.8**	**$153.4**	**$281.4**	**$32.9**	**$15.7**	**$56.8**	**$73.1**	**$265.8**
Plus: Value of Real Estate	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Further Remaining Value for Second Lien Debt	**$160.8**	**$173.4**	**$301.4**	**$52.9**	**$35.7**	**$76.8**	**$93.1**	**$285.8**

(1) Excludes Deferred Revenue
(2) Includes Deferred Revenue

Implied Value of Nelson Second Lien Debt

- **The table below summarizes the implied value of the second lien debt based on the (i) average enterprise value multiples of Cengage, Houghton Mifflin and Pearson and (ii) average transaction multiples of recent education publishing M&A transactions**

Implied Value of Second Lien Debt - Average Multiples of Cengage, Houghton Mifflin and Pearson

(in CAD millions)

	Based on Public Company Comparables (1)			Based on Public Company Comparables (2)			Based on Education Publishing M&A Transactions (1)	
							Average Last 3 Years	Average Last 11 Years
	Pre-Plate EBITDA	Post-Plate EBITDA	Post-Plate EBITDA - Other Capex	Pre-Plate EBITDA	Post-Plate EBITDA	Post-Plate EBITDA - Other Capex	Pre-Plate EBITDA	Pre-Plate EBITDA
Nelson LTM 3/31/15 Financial Data	$42.8	$31.5	$29.9	$45.3	$34.0	$32.4	$42.8	$42.8
Enterprise Value Multiple	11.54x	17.76x	22.66x	9.06x	12.91x	15.07x	8.60x	13.10x
Implied Enterprise Value of Nelson	$494.0	$560.1	$677.3	$410.4	$439.4	$488.0	$368.2	$560.9
Plus: Cash	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5
Less: First Lien Debt less Consent Fee	319.7	319.7	319.7	319.7	319.7	319.7	319.7	319.7
Remaining Value for Second Lien Debt	**$198.8**	**$265.0**	**$382.1**	**$115.3**	**$144.2**	**$192.8**	**$73.1**	**$265.8**
Plus: Value of Real Estate	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Further Remaining Value for Second Lien Debt	**$218.8**	**$285.0**	**$402.1**	**$135.3**	**$164.2**	**$212.8**	**$93.1**	**$285.8**

CDG GROUP

(1) Excludes Deferred Revenue
(2) Includes Deferred Revenue

II. Public Company Comparables

Public Company Comparables – Cengage

Cengage

As of 3/31/15	Cengage			
($ millions)	Face Amount Outstanding	Interest Rate	Maturity	Bid Price
Cash	$266.0			
ABL Revolver ($250mm)	$0.0	L+200 bps	3/31/19	n/a
Term Loan	1,716.9	L+600 bps	3/31/20	100.063
Incremental Term Loan	300.0	L+600 bps	3/31/20	100.063
Total Debt	2,016.9			
Net Total Debt	1,750.9			
Market Value of Common Stock	2,203.5			
Total Capitalization	$4,220.4			

	Excl. Deferred Revenue		Incl. Deferred Revenue	
EBITDA				
Pre-Plate EBITDA	$593.2		$616.5	
Post-Plate EBITDA	442.7		466.0	
Post-Plate EBITDA - Other Capex	361.9		385.2	
Leverage Statistics	Leverage	Net Leverage	Leverage	Net Leverage
Pre-Plate EBITDA	3.40x	2.95x	3.27x	2.84x
Post-Plate EBITDA	4.56x	3.96x	4.33x	3.76x
Post-Plate EBITDA - Other Capex	5.57x	4.84x	5.24x	4.55x
Enterprise Value Multiples				
Enterprise Value	$3,954.4		$3,954.4	
EV / Pre-Plate EBITDA	6.67x		6.41x	
EV / Post-Plate EBITDA	8.93x		8.49x	
EV / (Post-Plate EBITDA - Other Capex)	10.93x		10.27x	
Plate Capex	$150.5			
Other Capex	80.8			
Interest Expense	134.8			
Deferred Revenue	23.3			

Notes

- **In December 2014, Cengage closed a $300mm Incremental Term Loan to fund a dividend to its shareholders**
- **EBITDA represents Management Reporting excluding currency fluctuations and one-time expenses per company filings**

CDG GROUP

Public Company Comparables – Houghton Mifflin

Houghton Mifflin

Pro Forma as of 3/31/15	Houghton Mifflin			
($ millions)	Face Amount Outstanding	Interest Rate	Maturity	Bid Price
Cash	$562.0			
ABL Revolver ($250mm)	$0.0	L+225 bps	6/22/17	n/a
New Term Loan	800.0	L+300 bps	5/29/15	99.875
Total Debt	800.0			
Net Total Debt	238.0			
Market Value of Common Stock	4,150.2			
Total Capitalization	$4,950.2			

	Excl. Deferred Revenue		Incl. Deferred Revenue	
EBITDA				
Pre-Plate EBITDA	$320.4		$544.2	
Post-Plate EBITDA	224.9		448.7	
Post-Plate EBITDA - Other Capex	158.6		382.4	
Leverage Statistics	Leverage	Net Leverage	Leverage	Net Leverage
Pre-Plate EBITDA	2.50x	0.74x	1.47x	0.44x
Post-Plate EBITDA	3.56x	1.06x	1.78x	0.53x
Post-Plate EBITDA - Other Capex	5.04x	1.50x	2.09x	0.62x
Enterprise Value Multiples				
Enterprise Value	$4,388.2		$4,388.2	
EV / Pre-Plate EBITDA	13.70x		8.06x	
EV / Post-Plate EBITDA	19.51x		9.78x	
EV / (Post-Plate EBITDA - Other Capex)	27.66x		11.47x	
Plate Capex	$95.5			
Other Capex	66.3			
Interest Expense	19.9			
Deferred Revenue	223.8			

Notes

- **Financials are pro forma for the acquisition of Scholastic's Educational Technology and Services (ETS) business**
- **Purchase price of $575mm and closed on May 29, 2015 (10.7x purchase multiple)**
- **Increased Term Loan facility from $178.9 to $800mm, L+300bps**
- **Stock repurchase program increased from $200mm to $500mm ($150mm used)**
- **ETS Summary:**
  - Scholastic ETS: $233.3mm Sales in CY2014
  - Scholastic ETS: $53.6mm EBITDA

Public Company Comparables – Pearson

Pearson

As of 12/31/14	Pearson			
(£ millions)	Face Amount Outstanding	Interest Rate	Maturity	Bid Price
Cash and Marketable Securities	£546.0			
Short Term Debt	£342.0	Various	Various	Various
Long Term Debt	1,883.0	Various	Various	Various
Total Debt	2,225.0			
Net Total Debt	1,679.0			
Market Value of Common Stock	10,289.5			
Total Capitalization	**£12,514.5**			

	Excl. Deferred Revenue		Incl. Deferred Revenue	
EBITDA				
Pre-Plate EBITDA	£840.0		£943.0	
Post-Plate EBITDA	482.0		585.0	
Post-Plate EBITDA - Other Capex	407.0		510.0	
Leverage Statistics	Leverage	Net Leverage	Leverage	Net Leverage
Pre-Plate EBITDA	2.65x	2.00x	2.36x	1.78x
Post-Plate EBITDA	4.62x	3.48x	3.80x	2.87x
Post-Plate EBITDA - Other Capex	5.47x	4.13x	4.36x	3.29x
Enterprise Value Multiples				
Enterprise Value	£11,968.5		£11,968.5	
EV / Pre-Plate EBITDA	14.25x		12.69x	
EV / Post-Plate EBITDA	24.83x		20.46x	
EV / (Post-Plate EBITDA - Other Capex)	29.41x		23.47x	
Plate Capex	£358.0			
Other Capex	75.0			
Interest Expense	73.0			
Deferred Revenue	103.0			

Notes

- **Deferred Revenue is calculated as the increase in Deferred Income as reported in Note 24 of annual report**

III. Education Publishing M&A Transactions

Education Publishing M&A Transactions

Education Publishing M&A Transactions and Multiples

($ in Millions)

Date	Target	Acquiror	Transaction Value	Pre-Plate EBITDA Multiple
Apr-15	Scholastic's Education Technology and Services Business	Houghton Mifflin Harcourt Publishing Company	575.0	10.7x
Mar-15	Bendon, Inc.	Irving Place Capital	n/a	n/a
Jan-15	Excelligence Learning Corporation	Brentwood Associates, Inc.	n/a	n/a
Dec-14	Gannett Healthcare Group	OnCourse Learning, Co.	n/a	n/a
May-14	Flexpower, Inc.	Flex-Power Inc.	n/a	n/a
Mar-14	Axzo Press LLC	Element K Corporation	n/a	n/a
Jan-14	Effective Training, Inc.	SAE International	n/a	n/a
Jun-13	ALEKS Corporation	McGraw-Hill Education	n/a	n/a
Mar-13	McGraw-Hill Global Education	Apollo	2,560.0	6.9x
Feb-13	Incentive Publications, Inc.	World Book, Inc.	n/a	n/a
Feb-13	West Academic Publishing	Eureka Growth Capital Management, L.P.	n/a	n/a
Jan-13	Groupe Modulo	TC Media, Inc.	22.5	8.2x
Jan-13	Greystone Books Ltd.	Heritage House Publishing Co. Ltd.	n/a	n/a
Jan-13	Grass Technologies Corporation	Natus Medical Inc.	18.6	n/a
Nov-12	John Wiley & Sons, Inc. (Select Portfolio)	Houghton Mifflin Harcourt Publishing Company	11.0	n/a
Sep-12	Pruett Publishing Company	University Press of Colorado	n/a	n/a
Aug-12	Sleeping Bear Press, Inc.	Cherry Lake Publishing	n/a	n/a
Aug-12	Key Curriculum Press, Inc.	McGraw-Hill Education, Inc.	n/a	n/a
Jul-12	Whitecap Books Ltd.	Fitzhenry & Whiteside	n/a	n/a
Aug-12	Key Curriculum Press	McGraw-Hill Education	n/a	n/a
May-12	Harlan Davidson	John Wiley & Sons	n/a	n/a
Mar-12	GL Education Group	Investcorp	n/a	n/a
Feb-12	Inscape Holdings	John Wiley & Sons	85.0	n/a
Feb-12	Bendon Publishing International	The Wicks Group of Companies	n/a	n/a
Feb-12	Talaris Institute	Teaching Strategies	n/a	n/a
Jan-12	Teaching Strategies, Inc	Chicago Growth Partners	n/a	n/a
Jan-12	Learners Publishing	Scholastic	n/a	n/a
Aug-11	Stark Holding	Pearson	n/a	n/a
Aug-11	Carnegie Learning	Apollo Group	75.0	n/a
Jun-11	National Geographic School Publishing	Cengage Learning	n/a	n/a
Apr-11	BARBRI	Leeds Equity	n/a	n/a

Source: Wall Street equity research, Capital IQ, and public filings

Education Publishing M&A Transactions (cont'd)

Education Publishing M&A Transactions and Multiples

($ in Millions)

Date	Target	Acquiror	Transaction Value	Pre-Plate EBITDA Multiple
Mar-11	Education Development International	Pearson	166.2	11.0x
Mar-11	Bookette Software Company	CTB/McGraw-Hill	n/a	n/a
Jan-11	TutorVista Global (76% stake)	Pearson	127.0	n/a
Nov-10	Wireless Generation, Inc.	News Corp	390.0	n/a
Nov-10	The Administrative Assistants Ltd.	Pearson	n/a	n/a
Nov-10	Electronics Blackboard Ltd	TSL Education Ltd.	n/a	n/a
Nov-10	Starting Out, Inc.	McGraw Hill Education	n/a	n/a
Aug-11	Renaissance Learning	Permira Advisers	n/a	n/a
Aug-10	Fieldstone Alliance (Publishing Arm)	Turner Publishing Company	n/a	n/a
Jul-10	WSI International	Turner Publishing Company	92.0	n/a
Jul-10	Sistema Educacional Brasileiro (Learning Systems Division)	Pearson	460.9	14.6x
Jun-10	Numicon Ltd.	Oxford University Press	n/a	n/a
Jun-10	W3 Insights Ltd	Granada Learning	n/a	n/a
Jun-10	Les Editions EDK	EDP Sciences	n/a	n/a
Jun-10	Educationcity Ltd	Archipelago Learning	87.0	14.5x
Mar-10	Plato Learning	Thoma Bravo	109.1	7.0x
Mar-10	Houghton Mifflin (Think Math! Curriculum product)	School Specialty	1.8	n/a
Mar-10	Editora Artes Médicas	Artmed Editora	n/a	n/a
Feb-10	Atlantic Link Limited	Kaplan	n/a	n/a
Feb-10	Little Hare Books	Hardie Grant Egmont	n/a	n/a
Jan-10	Arah Pendidikan	Juasa Holdings	n/a	n/a
Dec-09	Horwood Publishing	Woodhead Publishing	n/a	n/a
Nov-09	Wydawnictwa Szkolne i Pedagogiczne	Pahoa Investments	125.1	14.0x
Oct-09	Trinity ELL, LLC	Pearson	n/a	n/a
Aug-09	Carson-Dellosa Publishing	School Specialty	n/a	n/a
Jun-09	Voyager Learning Company	Cambium Learning	130.6	NM
Apr-09	Optionetics	optionsXpress Holdings	32.9	n/a
Apr-09	Professional Development Software	Elsevier	n/a	n/a
Mar-09	Wordware Publishing	Jones and Bartlett Publishers	n/a	n/a
Mar-09	Bertram Group	Smith News	n/a	n/a

Source: Wall Street equity research, Capital IQ, and public filings

Education Publishing M&A Transactions (cont'd)

Education Publishing M&A Transactions and Multiples

($ in Millions)

Date	Target	Acquiror	Transaction Value	Pre-Plate EBITDA Multiple
Mar-09	DVP Media	Jones and Bartlett Publishers	n/a	n/a
Jan-09	Salem Press	EBSCO Publishing	n/a	n/a
Jan-09	Concept Media	Cengage Learning	n/a	n/a
Jan-09	Badger Publishing	Pandora Books	n/a	n/a
Dec-08	Princeton Review (K-12 Division)	CORE Education & Consulting Solutions	9.5	n/a
Dec-08	HighBeam Research	Cengage Learning	n/a	n/a
Dec-08	Kane/Miller Book Publishers	Educational Development	n/a	n/a
Oct-08	The Study Group	Kaplan	n/a	n/a
Oct-08	Medical Education Technologies	Baird Capital Partners	n/a	n/a
Aug-08	Interverbum Group	AAC Global, SanomaWSOY	n/a	n/a
Aug-08	Scholastic , Direct-to-Home Business	Sandvik	n/a	n/a
Jul-08	Pro Lingus	Kaplan	n/a	n/a
Jun-08	Publications International (Children's Publishing Division)	Learning Curve Brands	163.0	n/a
Jun-08	Beijing Yanyuan Rapido Education	Hartcourt Companies	3.5	n/a
Jun-08	Princeton Review of Orange County	Princeton Review	31.1	n/a
Apr-08	Princeton Media Associates	HMP Communications	n/a	n/a
Feb-08	Assessment Technologies Institute	Providence Equity Partners	n/a	n/a
Feb-08	Test Services	Princeton Review	39.4	n/a
Dec-07	Houghton Mifflin College Division	Cengage Learning	750.0	n/a
Nov-07	Interwrite Learning	eInstruction	n/a	n/a
Aug-07	Power-Glide	K12	4.1	n/a
Jul-07	Harcourt U.S. Schools Education Business	HM Riverdeep	4,000.0	17.5x
Jul-07	Thomson Prometric	Educational Testing Service	435.0	n/a
Jun-07	Angeles Group	Excelligence Learning	10.0	n/a
Jun-07	eInstruction	Leeds Equity Partners	n/a	n/a
May-07	eCollege (including Datamark)	Pearson	518.0	23.0x
May-07	TSL Education	Charterhouse Group	n/a	n/a
May-07	Thomson Learning and Nelson Canada	Apax Partners and OMERS Capital Partners	7,750.0	n/a
May-07	Harcourt Assessment, Harcourt Education	Pearson	950.0	n/a
Mar-07	Wolters Kluwer Education	Bridgepoint Capital	1,031.7	12.5x

Source: Wall Street equity research, Capital IQ, and public filings

Education Publishing M&A Transactions (cont'd)

Education Publishing M&A Transactions and Multiples

($ in Millions)

Date	Target	Acquiror	Transaction Value	Pre-Plate EBITDA Multiple
Mar-07	Learning Horizons	Evolution Capital Partners	n/a	n/a
Jan-07	Cambium Learning	Veronis Suhler Stevenson	325.0	n/a
Jan-07	Study Island	Providence Equity Partners	n/a	n/a
Jan-07	Von Hoffmann	R.R. Donnelley	412.5	n/a
Dec-06	ProQuest Information and Learning	Cambridge Information Group	222.3	n/a
Nov-06	Houghton Mifflin	HM Riverdeep	3,400.0	12.5x
Nov-06	Apex Learning (Investment)	MK Capital	6.0	n/a
Oct-06	PMBR	Kaplan	n/a	n/a
Oct-06	Aspect Education Limited	Kaplan	n/a	n/a
Oct-06	Teaching Company	Brentwood Associates	n/a	n/a
Sep-06	FSCreations	eInstruction	n/a	n/a
Sep-06	SchoolNet (Investment)	Carlyle Group, Hamilton Lane, NYC Investment Fund	19.0	n/a
Aug-06	Cheneliere Education	Transcontinental	n/a	n/a
Jul-06	Excelligence Learning	Thoma Cressey Equity Partners	125.0	14.5x
Jun-06	English Language Learning & Instruction System	Pearson	n/a	n/a
Jun-06	SpellRead	Kaplan	n/a	n/a
Jun-06	Education Insight	Cookie Jar	n/a	n/a
May-06	Questar Educational Systems	Touchstone Applied Science Associates	20.0	n/a
May-06	SkillsTutor.com	Houghton Mifflin	18.5	n/a
May-06	Tribeca Learning	Kaplan	55.5	12.6x
Apr-06	National Evaluation Systems	Pearson	n/a	n/a
Apr-06	Effective Educational Technologies	Pearson	n/a	n/a
Apr-06	Granada Learning	Veronis Suhler Stevenson	93.8	n/a
Mar-06	Herman Method (Lexia Learning Systems)	Cambium Learning	n/a	n/a
Mar-06	Philip Allan Publishers	Hachette-Livre	n/a	n/a
Mar-06	Assessment Training Institute	Educational Testing Service	n/a	n/a
Mar-06	Schawk (Educational Publishing Division)	CAPS Group	29.0	n/a
Feb-06	Hampton-Brown	National Geographic (School Publishing Division)	n/a	n/a
Feb-06	SkillCheck	First Advantage	n/a	n/a
Feb-06	IntelliTools	Cambium Learning	n/a	n/a

Source: Wall Street equity research, Capital IQ, and public filings

Education Publishing M&A Transactions (cont'd)

Education Publishing M&A Transactions and Multiples

($ in Millions)

Date	Target	Acquiror	Transaction Value	Pre-Plate EBITDA Multiple
Jan-06	Promissor	Pearson	42.0	n/a
Oct-05	WebCT	Blackboard	178.0	36.2x
Oct-05	Accord Publishing	Andrews McMeel	n/a	n/a
Sep-05	Larson Learning	Houghton Mifflin	n/a	n/a
Aug-05	Delta Education	School Specialty	272.0	14.4x
Aug-05	TechOnline	CMP Media	5.5	6.9x
Aug-05	Light Reading	CMP Media	27.0	10.4x
Aug-05	Chelsea House Publishers	Haights Cross	n/a	n/a
Aug-05	Kidum Group	Kaplan	n/a	n/a
Aug-05	Turnleaf Solutions	McGraw-Hill	n/a	n/a
Jul-05	American Guidance Service	Pearson	270.0	9.1x
Jul-05	Achievement Data	Touchstone Applied Science Associates	1.7	n/a
Jun-05	AlphaSmart	Renaissance Learning	53.1	8.7x
Jun-05	F+W Publications	ABRY Partners	500.0	n/a
Jun-05	eMind	Kaplan	n/a	n/a
May-05	Kurzweil Educational Systems	Cambium Learning	n/a	n/a
Apr-05	EMC	Wicks Group	41.0	n/a
Mar-05	Educational Technologies	Times Publishing	14.8	n/a
Mar-05	ExploreLearning	ProQuest	n/a	n/a
Mar-05	Generation21 Learning Systems	Management Buyout	n/a	n/a
Feb-05	Gateway Learning	Educate	8.0	n/a
Feb-05	Teacher2Teacher	ARC Capital Development	n/a	n/a
Feb-05	Voyager Expanded Learning	ProQuest	360.0	9.5x
Jan-05	Standard Deviants	Goldhil Home Media	n/a	n/a
Jan-05	Rainbow Bridge Publishing	Cookie Jar Education	n/a	n/a
Jan-05	Assessment and Evaluation Concepts	Touchstone Applied Science Associates	n/a	n/a
		Mean	$478.3	13.1x
		Median	92.0	12.5x
		Mean - Last Three Years	$637.4	8.6x
		Median - Last Three Years	22.5	8.2x

Source: Wall Street equity research, Capital IQ, and public filings

CDG GROUP

Exhibit “H”

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402

July 10, 2015

Leslie J. Sobel
Senior Counsel
Royal Bank of Canada
RBC Law Group
3 World Financial Center
200 Vesey Street
New York, NY 10281

Re: Nelson Education Ltd.

Dear Ms. Sobel:

Reference is made to that certain Intercreditor Agreement, dated as of July 5, 2007 (as amended, restated or otherwise modified from time to time, the "Intercreditor Agreement"), among Nelson Education Ltd. (the "Company"), Nelson Education Holdings Ltd., Wilmington Trust, National Association, in its capacity as collateral agent for the First Lien Obligations (the "First Lien Collateral Agent"), and Royal Bank of Canada, in its capacity as collateral agent for the Second Lien Obligations (the "Second Lien Collateral Agent"). Capitalized terms used but not defined herein shall have the meanings given them in the Intercreditor Agreement. The Intercreditor Agreement is governed by the laws of the State of New York and the parties thereto have agreed to the non-exclusive jurisdiction of the courts of such state.

This letter is in response to the Second Lien Collateral Agent's Notice of Objection and Request for Adjournment dated May 12, 2015, Notice of Motion Re: Replacement of the Monitor dated May 20, 2015, Affidavit of Annette Fournier dated May 20, 2015, and Factum of Royal Bank of Canada dated May 28, 2015 in *In the Matter of the Companies' Creditors Arrangement Act, R.S.C., c. C-36, as amended, and In the Matter of a Plan of Compromise or Arrangement of Nelson Education Ltd. and Nelson Education Holdings Ltd* (the "CCAA Proceeding") and other positions taken, or that may be taken in the future, before the Court by the Second Lien Collateral Agent in the CCAA Proceeding.

As the Second Lien Collateral Agent is aware, the Company has brought a motion (the "Sale Approval Motion") in the CCAA Proceeding to approve a credit bid sale transaction whereby the Collateral will be sold to a purchaser (the "Purchaser") to be owned by the First Lien Claimholders in connection with the First Lien Collateral Agent's and other First Lien Claimholders' exercise of rights and remedies under the First Lien Credit Agreement (the "Transaction") and the First Lien Claimholders have consented to the Transaction.

Pursuant to the Intercreditor Agreement, the Second Lien Collateral Agent has agreed that it will not take a number of actions in respect of the First Lien Collateral Agent's exercise of rights and remedies under the First Lien Credit Agreement. Included among its agreements in the Intercreditor Agreement, the Second Lien Collateral Agent expressly agreed and is obligated:

(a) pursuant to Section 3.1(d)(1) of the Intercreditor Agreement, not to "take any action that would hinder any exercise of remedies under the First Lien Loan Documents or is otherwise prohibited [under the Intercreditor Agreement], including any sale, lease, exchange, transfer or other disposition of the Collateral, whether by foreclosure or otherwise";

(b) pursuant to Section 3.1(a)(2) of the Intercreditor Agreement, not to "contest, protest or object to . . . any other exercise by the First Lien Collateral Agent or any First Lien Claimholder of any rights and remedies relating to the Collateral under the First Lien Loan Documents";

(c) pursuant to Section 6.1(a) of the Intercreditor Agreement, not to raise any "objection or oppose a sale or other disposition of any Collateral free and clear of its Liens or other claims...if the First Lien Claimholders have consented to such sale or disposition of such assets and the Second Lien Agent and each other Second Lien Claimholder will be deemed to have consented...to any sale supported by the First Lien Claimholders and to have released their Liens in such assets"; and

(d) pursuant to Section 6.11 of the Intercreditor Agreement, not to, in an Insolvency or Liquidation Proceeding or in connection with the First Lien Collateral Agent's exercise of remedies in respect of the Collateral, "oppose any sale or disposition of any Collateral of any Loan Party that is supported by the First Lien Claimholders."

At the Second Lien Collateral Agent's request, the Court appointed FTI Consulting Canada Inc. ("FTI" or the "Monitor") as monitor in the replacement of Alvarez & Marsal Canada Inc. ("A&M") on May 29, 2015. On July 8, 2015, FTI, as Monitor, issued its second report (the "Second Report") to inform the Court of, among other things, the Monitor's review and conclusions regarding (i) the sale and investment process conducted by the Company with the assistance of A&M (the "SISP"), (ii) other indicia of the potential value of the Company's business, (iii) potential alternatives to the proposed sale of the business to the Purchaser, and (iv) the Sale Approval Motion returnable on August 13, 2015 and the Monitor's recommendations with respect to the approval of the proposed Transaction. A copy of the Second Report is enclosed with this letter.

As the Second Report makes clear, in the Monitor's view:

(a) The design of the SISP was typical of such marketing processes and was consistent with processes that have been approved by the courts in many CCAA proceedings;

(b) The SISP allowed interested parties adequate opportunity to conduct due diligence, both A&M and the Company's management appear to have been responsive to all requests from potentially interested parties and the timelines provided for in the SISP were reasonable in the circumstances;

(c) The activities undertaken by A&M were consistent with the activities that any investment banker or sale advisor engaged to assist in the sale of a business would be expected to undertake;

(d) The selection of A&M as investment banker would not have had a detrimental effect on the SISP or the value of offers;

(e) Both key senior management and A&M were incentivized to achieve the best value available and there was no impediment to doing so;

(f) The SISP was undertaken in a thorough and professional manner;

(g) The results of the SISP clearly demonstrate that none of the interested parties would, or would be likely to, offer a price for the Company's business that would be sufficient to repay the amounts owing to the First Lien Lenders under the First Lien Credit Agreement (the "First Lien Debt"); and

(h) The SISP was a thorough market test and can be relied on to establish that there is no value beyond the First Lien Debt.

The Monitor further determined during the course of its review and analysis that:

(a) There is no realistic prospect that the Company could obtain a new source of financing sufficient to repay the First Lien Debt;

(b) An alternative debt restructuring that might create value for the Second Lien Lenders is not a viable alternative at this time;

(c) There is no reasonable prospect of a new sale process generating a transaction at a value in excess of the First Lien Debt; and

(d) It does not appear that there are significant operational improvements reasonably available that would materially improve profitability in the short-term such that the value of the Company's business would increase to the extent necessary to repay the First Lien Debt and, accordingly, there is no apparent benefit from delaying the sale of the business.

Accordingly, the Monitor reported to the Court that it supports Nelson's request for the approval of the Transaction.

Please be advised that the Required Lenders under the First Lien Credit Agreement will view any opposition by the Second Lien Collateral Agent or other Second Lien Claimholders to the Sale Approval Motion and any attempt to delay the hearing on the Sale Approval Motion as a violation of the Intercreditor Agreement. The First Lien Collateral Agent and other First Lien Claimholders are evaluating the rights and remedies available to them under the Intercreditor Agreement and applicable law as a result of the Second Lien Collateral Agent's actions to date and stated intentions in connection with the CCAA Proceeding, and the Required Lenders under the First Lien Credit Agreement intend to hold the Second Lien Collateral Agent and the other Second Lien Claimholders accountable for any violation of the Intercreditor Agreement and related damages. In addition, and in light of the matters addressed in the Second Report, the First Lien Claimholders intend to ask the Court to award costs against the Second Lien Collateral Agent on a full indemnity basis should the Second Lien Collateral Agent continue to oppose the Sale Approval Motion.

Nothing contained herein is intended to be, or shall be, construed as a waiver of any of the rights, remedies and/or powers of the First Lien Collateral Agent or other First Lien Claimholders against the Second Lien Collateral Agent, the Second Lien Claimholders, the Collateral or otherwise, or a consent to any departure from the express provisions of the Intercreditor Agreement. The First Lien Collateral Agent and other First Lien Claimholders hereby expressly reserve all of their remedies, powers, rights (including the right to seek specific performance of the Intercreditor Agreement pursuant to Section 8.12 of the Intercreditor Agreement) and privileges under the Intercreditor Agreement and other First Lien Loan Documents, at law, in equity or otherwise.

[Signature page follows.]

Very truly yours,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as First Lien Collateral Agent

By: ______________________________
Name: Jeffery Rose
Title: Vice President

Enclosure

cc: D. J. Miller, Esq.
Greg Nordal
Robert Chadwick, Esq.
Kevin Zych, Esq.
Paul Shalhoub, Esq.

Exhibit “I”

Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

D.J. Miller
T: 416-304-0559
E: djmiller@tgf.ca
File No. 300-199

July 15, 2015

VIA EMAIL

Bennett Jones LLP
1 First Canadian Place
100 King Street West
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

Attention: Kevin Zych

Dear Sir:

Re: Royal Bank of Canada, in its capacity as First Lien Lender, Second Lien Agent, Second Lien Lender and provider of cash management services (collectively, "RBC") and Nelson Education Ltd. (the "Company")

We refer to a letter dated July 10, 2015 delivered to Leslie J. Sobel, Senior Counsel with RBC Law Group by your client Wilmington Trust, National Association on behalf of certain First Lien Lenders (the "**July 10 Letter**"), and we take this opportunity to respond on behalf of RBC. Capitalized terms used in this letter and not defined are as defined in the July 10 Letter. References herein to the First Lien Lenders means the First Lien Lenders <u>other than</u> RBC.

The July 10 Letter represents another example of the First Lien Lenders' strategy over the past year to: (i) ensure that the Second Lien Lenders have no visibility or input with respect to the Company, and (ii) use threats and intimidation against the Second Lien Lenders to achieve a desired result. The First Lien Agent and First Lien Lenders have done this by way of economic incentives to consenting First Lien Lenders and financial penalties to non-consenting First Lien Lenders, and through financial penalties in the form of non-payment of interest and professional fees to the Second Lien Lenders. The message has been consistent: "If you agree with us, you will be paid. If you do not, you will receive nothing."

Motions are returnable in this matter on August 13, 2015 and all parties will have an opportunity to advance any arguments that they believe may be relevant to the relief sought. Without engaging in a back-and-forth through correspondence, we simply respond as follows:

- RBC has, and will continue to comply with all obligations under the First Lien Loan Agreement, the Second Lien Loan Agreement and the Intercreditor Agreement (collectively, the "**Relevant Agreements**"), and is aware of its rights and remedies pursuant to the Relevant Agreements, the CCAA, and at common law. RBC took no steps of any kind prior to the commencement of the CCAA proceedings notwithstanding the defaults by the Company under the Second Lien Loan Agreement, the breaches of the Intercreditor Agreement by the First Lien Lenders, and the targeted steps taken by the First Lien Lenders to prejudice the Second Lien Lenders.

- The July 10 Letter refers to the First Lien Claimholders' "exercise of rights and remedies", notwithstanding that the First Lien Claimholders have not exercised their rights and remedies and enforced their security as a secured creditor. Instead, they have caused the Company to take various steps with a view to accomplishing a similar result (transfer of the Company to the First Lien Lenders) without having to enforce their security. Had the First Lien Lenders chosen to enforce their security in 2014, different considerations may have applied.

- The Company availed itself of the provisions of the CCAA by filing for protection on May 12, 2015 and therefore provided all stakeholders with an opportunity to participate pursuant to Court Orders issued. RBC is entitled to participate in that process by statute and Court Order, and any attempt to prevent RBC's continued participation by threats of litigation or costs will be vigorously resisted.

- The July 10 Letter indicates that "the First Lien Claimholders have consented to the Transaction". As you are well aware, not all First Lien Claimholders have consented to the Transaction.

Unlike the strategy employed to date by the First Lien Lenders, RBC remains willing to engage in good faith discussions with a view to resolving the two motions returnable on August 13, 2015. RBC is entitled to seek all relief sought on its motion, to protect itself in its various capacities, and to take any positions it has advanced to date.

We remain available to discuss these matters.

Yours very truly,

Thornton Grout Finnigan LLP

"D.J. Miller"
[Electronic Signature]

D.J. Miller
DJM/gk

cc: *Les Vowell, Royal Bank of Canada*
Raymond Chang, Royal Bank of Canada
Leslie J. Sobel, RBC Law Group
Andrew Tenzer, Paul Hastings LLP
Rob Chadwick, Goodmans LLP
Orestes Pasparakis, Norton Rose LLP

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON EDUCATION LTD. AND NELSON EDUCATION HOLDINGS LTD. (collectively, the "**APPLICANTS**")

Court File No.: CV15-10961-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

RESPONDING AFFIDAVIT OF LES VOWELL
(SWORN ON JULY 21, 2015)

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RESPONDING MOTION RECORD
(re: Applicants' Sale Motion returnable on August 13, 2015)

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