

CAMBIUM LEARNING GROUP, INC.

Form DEF 14A

April 04, 2013

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

**CAMBIUM LEARNING GROUP, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

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**Cambium Learning Group, Inc.**

**17855 N. Dallas Parkway, Suite 400**

**Dallas, Texas 75287**

**(214) 932-9500**

Dear Stockholder:

I would like to extend a personal invitation for you to join us at the Annual Meeting of Stockholders of Cambium Learning Group, Inc. (the Company ) on Wednesday, May 15, 2013, at 8:30 a.m. (Central Time), at the Company s offices located at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287.

At this year s meeting, you will be asked to vote on the election of three Class I directors, and the ratification of the appointment of Whitley Penn LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2013. Attached you will find a notice of meeting and proxy statement that contain additional information about these proposals and the meeting itself, such as the different methods you can use to vote your proxy, including the telephone and Internet.

We hope that you will find it convenient to attend the meeting in person. Whether or not you expect to attend in person, I encourage you to vote your shares to ensure your representation at the meeting and the presence of a quorum. If you do attend the meeting, you may withdraw your proxy if you wish to vote in person.

On behalf of the Board of Directors of the Company, I would like to express our appreciation for your continued support of Cambium Learning Group, Inc.

Sincerely,

Joe Walsh

*Chairman of the Board*

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**CAMBIUM LEARNING GROUP, INC.**

**17855 N. Dallas Parkway, Suite 400**

**Dallas, Texas 75287**

**(214) 932-9500**

**NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On May 15, 2013**

To the Stockholders of Cambium Learning Group, Inc.:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders (the *Annual Meeting*) of Cambium Learning Group, Inc. (the *Company, we, our or us*). The Annual Meeting will be held at our offices at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287, on May 15, 2013, at 8:30 a.m., Central Time, for the following purposes, which are described more fully in the Proxy Statement accompanying this Notice of Annual Meeting:

1. To elect three Class I directors to each serve for a three-year term that expires at the 2016 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;
2. To ratify the appointment of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.
3. To transact such other business as may properly come before the Annual Meeting, including any motion to adjourn to a later date to permit further solicitation of proxies, if necessary, or before any adjournment thereof.

The Annual Meeting will begin promptly at 8:30 a.m., Central Time, and check-in will begin at 8:00 a.m., Central Time. Only holders of record of shares of our common stock at the close of business on March 18, 2013, the date fixed by our Board of Directors as the record date for the Annual Meeting, will be entitled to notice of, and to vote at, the meeting and any postponements or adjournments of the Annual Meeting.

To help conserve resources and reduce printing and distribution costs, instead of mailing paper copies of this Proxy Statement and our 2012 Annual Report, we will be mailing most of our stockholders a Notice of Internet Availability of Proxy Materials together with instructions on how to access over the Internet our proxy materials, including this Proxy Statement, our 2012 Annual Report and a form of proxy card or voting instruction card. The notice will also contain instructions on how a stockholder can receive a paper copy of our proxy materials.

For a period of at least 10 days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available and open to the examination of any stockholder for any purpose relating to the Annual Meeting during normal business hours at our principal executive offices located at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287.

By Order of the Board of Directors,

Todd W. Buchardt

*Secretary and General Counsel*

Dallas, Texas

April 4, 2013

**YOUR VOTE IS IMPORTANT!**

**ALL STOCKHOLDERS OF RECORD AS OF MARCH 18, 2013, ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE BY INTERNET, BY TELEPHONE, OR, IF YOU RECEIVED PER YOUR REQUEST A PAPER COPY OF OUR PROXY MATERIALS, COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. NO ADDITIONAL POSTAGE IS NECESSARY IF THE PROXY CARD IS MAILED IN THE UNITED STATES OR CANADA. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE MEETING AND YOU MAY VOTE IN PERSON IF YOU ATTEND THE MEETING.**

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**CAMBIUM LEARNING GROUP, INC.**

**17855 N. Dallas Parkway, Suite 400**

**Dallas, Texas 75287**

**(214) 932-9500**

**PROXY STATEMENT**

**FOR**

**2013 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 15, 2013**

This Proxy Statement is furnished by the Board of Directors of Cambium Learning Group, Inc., a Delaware corporation, in connection with the Company's solicitation of proxies for use at our 2013 Annual Meeting of Stockholders to be held on Wednesday, May 15, 2013, beginning at 8:30 a.m., Central Time, at our offices located at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287, and at any postponements or adjournments thereof. This Proxy Statement contains important information regarding the Annual Meeting. Specifically, it identifies the matters upon which you are being asked to vote, provides information that you may find useful in determining how to vote and describes the voting procedures.

*As used in this Proxy Statement:* the terms *we*, *our*, *us* and the *Company* each refer to Cambium Learning Group, Inc.; the term *Board* means our Board of Directors; the term *proxy materials* means this Proxy Statement, the proxy card, and our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the U.S. Securities and Exchange Commission (the *SEC*) on March 8, 2013; and the term *Annual Meeting* means our 2013 Annual Meeting of Stockholders.

We are sending the Notice of Internet Availability of Proxy Materials on or about April 4, 2013, to all stockholders of record at the close of business on March 18, 2013, the date fixed by the Board as the record date for the Annual Meeting (the *Record Date*).

***Why am I receiving these proxy materials?***

You are receiving these proxy materials from us because you were a stockholder of record at the close of business on the Record Date (which was March 18, 2013). As a stockholder of record, you are invited to attend the Annual Meeting and are entitled to and requested to vote on the items of business described in this Proxy Statement.

***Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?***

This year, we are pleased to be distributing our proxy materials to certain shareholders via the Internet under the notice and access approach permitted by rules of the SEC. This approach conserves natural resources and reduces our costs of printing and distributing the proxy materials, while providing a convenient method of accessing the materials and voting. On April 4, 2013, we mailed a Notice of Internet Availability of Proxy Materials to participating shareholders, containing instructions on how to access the proxy materials on the internet.

***Who is entitled to attend the meeting?***

You are entitled to attend the meeting only if you owned our common stock (or were a joint holder) as of March 18, 2013 or if you hold a valid proxy for the meeting. You should be prepared to present photo identification for admittance to the Annual Meeting. The meeting will begin promptly at 8:30 a.m., Central Time. Check-in will begin at 8:00 a.m., Central Time.

Please also note that if you are not a stockholder of record but hold shares in *street name* (that is, through a broker, bank, trustee or other nominee), you will need to provide proof of beneficial ownership as of March 18, 2013, such as your most recent brokerage

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account statement, a copy of the voting instruction card provided by your broker, bank, trustee or other nominee, or other similar evidence of ownership.

***Who is entitled to vote at the meeting?***

Only stockholders who owned our common stock at the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting, and at any postponements or adjournments thereof.

As of the Record Date, 46,904,200 shares of our common stock were outstanding. Each outstanding share of our common stock entitles the holder to one vote on each matter to be considered at the meeting. Accordingly, there are a maximum of 46,904,200 votes that may be cast at the meeting.

***How many shares must be present or represented to conduct business at the meeting (that is, what constitutes a quorum)?***

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock entitled to vote at the meeting will constitute a quorum. A quorum is required to conduct business at the meeting. The presence of the holders of our common stock representing at least 23,452,101 votes will be required to establish a quorum at the meeting. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

***What items of business will be voted on at the meeting?***

The items of business scheduled to be voted on at the Annual Meeting are as follows:

1. the election of three nominees to serve as Class I directors on our Board; and
2. the ratification of the appointment of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

These proposals are described more fully in this Proxy Statement. We are not aware of any other business to be presented at the Annual Meeting. As of the date of this Proxy Statement, no stockholder had advised us of the intent to present any business at the Annual Meeting. Accordingly, the only business that our Board intends to present at the meeting is as set forth in this Proxy Statement.

If any other matter or matters are properly brought before the meeting, it is the intention of the persons who hold proxies to vote the shares they represent in accordance with their best judgment.

***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

If your shares are registered in your name with our transfer agent, Wells Fargo Shareowner Services, you are the shareholder of record of those shares. This Notice of Annual Meeting and Proxy Statement and any accompanying documents have been provided directly to you by Cambium.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of those shares, and this Notice of

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Annual Meeting and Proxy Statement and any accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of

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record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the internet.

***How can I vote my shares without attending the meeting?***

No matter how you hold shares of our common stock, you may direct how your shares are voted without attending the Annual Meeting. There are three ways to vote by proxy without attending the meeting.

*By Internet* Stockholders who received a Notice may submit proxies over the Internet by following the instructions on the Notice. Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or voting instruction card.

*By Telephone* Stockholders of record may submit proxies by telephone by following the instructions on the Notice or the proxy card. You will need to have the three digit company number and the eleven digit control number that appears on your Notice or proxy card available when voting by telephone.

*By Mail* Stockholders who requested and have received a paper copy of a proxy card or a voting instruction card by mail may submit proxies by completing, signing and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed envelope.

***How can I vote my shares in person at the meeting?***

Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, bank, trustee or other nominee that holds your shares, giving you the right to vote the shares. Even if you plan to attend the meeting, we recommend that you also submit your proxy card or voting instruction card as described above so that your vote will be counted if you later decide not to, or are unable to, attend the meeting.

***Can I change my vote?***

You may change your vote at any time prior to the vote at the meeting. If you are the stockholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to our Secretary prior to your shares being voted, or by attending the meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked, unless you specifically so request.

For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank, trustee or other nominee or, if you have obtained a legal proxy from your broker, bank, trustee or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

***What vote is required to approve each item and how are abstentions treated?***

Assuming the existence of a quorum at the Annual Meeting, the vote required to approve each item of business and the method for counting votes is set forth below:

**Election of Directors (Proposal 1).** The election to the Board of three nominees will require the vote of the holders of a plurality of

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the shares represented in person or by proxy at a meeting at which a quorum is present. Abstentions and broker non-votes will not affect the election outcome.

**Ratification of Whitley Penn LLP as our Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2013**

**(Proposal 2).** The vote of the holders of a majority of the shares entitled to vote and represented in person or by proxy at a meeting at which a quorum is present is required to ratify the selection of Whitley Penn LLP as our registered public accounting firm for the fiscal year 2013 by the Audit Committee of our Board of Directors. Broker non-votes will be counted as a FOR vote for this proposal. Abstentions will have the same effect as an AGAINST vote for this proposal.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you sign your proxy card or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board ( FOR the election of all of the Company's nominees to the Board and FOR the ratification of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013, and in the discretion of the proxy holders on any other matters that may properly come before the Annual Meeting and at any postponements or adjournments of the meeting).

***What happens if additional matters are presented at the meeting?***

Other than the two proposals described in this Proxy Statement, we are not aware of any other business to be acted upon at the meeting. If you grant a proxy, the person named as proxy holder Todd W. Buchardt, our General Counsel, will have the discretion to vote your shares on any additional matters that may be properly presented for a vote at the meeting. If, for any unforeseen reason, any of our nominees for Class I Directors is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by our Board.

***Who is soliciting my vote and who will bear the costs of this solicitation?***

Your vote is being solicited by the Company at the direction of the Board, and the Company will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this Proxy Statement. In addition to providing these proxy materials, our directors and employees may also solicit proxies in person, by telephone, by electronic mail or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We may also engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, banks, nominees and other institutional owners. The costs for such services, if retained, will not be material.

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***What is the deadline to propose actions for consideration at next year's Annual Meeting of Stockholders or to nominate individuals to serve as directors?***

As a stockholder, you may be entitled to present proposals for action at a future meeting of stockholders, including director nominations.

**Stockholder Proposals:** For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting of stockholders to be held in 2014, the written proposal must be delivered to our Secretary at our principal executive offices at the address set forth on the cover of this Proxy Statement so that notice will be received by us no earlier than close of business on January 15, 2014, and no later than the close of business on February 14, 2014. Such proposal must comply with the proxy rules promulgated by the SEC in order to be included in our proxy statement and form of proxy related to the meeting. If notice of any stockholder proposal not eligible for inclusion in our proxy statement and form of proxy is given to us after February 14, 2014, then proxy holders will be allowed to use their discretionary voting authority on such stockholder proposal when the matter is raised at such meeting. In no event will the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Stockholders interested in submitting such a proposal are advised to contact knowledgeable legal counsel with regard to the detailed requirements of applicable securities laws.

**Nomination of Director Candidates:** Stockholders may propose director candidates for consideration by our Board. Any such recommendations should include the nominee's name and qualifications for Board membership and should be directed to our Secretary at the address of our principal executive offices set forth on the cover of this Proxy Statement. In addition, our bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. In order to nominate a director, the stockholder must provide the information required by our bylaws, as well as a statement by the nominee consenting to being named as a nominee and to serve as a director if elected. In addition, the stockholder must give timely notice to our Secretary as described in "Stockholder Proposals" above.

**Copy of Bylaw Provisions:** For more information regarding stockholder proposal deadlines, please see Section 2.10 of our Bylaws. You may contact our Secretary at our principal executive offices as set forth on the cover of this Proxy Statement for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

### **EXPLANATORY NOTE**

The Company was incorporated in Delaware in 2009 in connection with the transactions contemplated by that certain Agreement and Plan of Mergers, dated as of June 20, 2009 (the *Merger Agreement*), by and among the Company, Voyager Learning Company, a Delaware corporation (*Voyager*), Vowel Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Company (*Vowel Merger Sub*), VSS-Cambium Holdings II Corp., a Delaware corporation (*Cambium Holdings*), Consonant Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Company (*Consonant Merger Sub*), and Vowel



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Representative, LLC, a Delaware limited liability company, as Stockholders Representative. On December 9, 2009, the transactions contemplated by the Merger Agreement were completed, pursuant to which Vowel Merger Sub was merged with and into Voyager, and Consonant Merger Sub was merged with and into Cambium Holdings, with each of Voyager and Cambium Holdings surviving their respective mergers and continuing as wholly owned subsidiaries of the Company (together, the *Mergers* ).

## **SECURITIES OWNERSHIP**

### **Security Ownership of Certain Beneficial Owners and Management**

The following table provides information relating to the beneficial ownership of our common stock as of the Record Date (which is March 18, 2013), by:

each stockholder known by us to own beneficially more than 5% of our outstanding common stock;

each of our executive officers named in the Summary Compensation Table on page 24 of this Proxy Statement (these executive officers are sometimes referred to herein as the *Named Executive Officers* );

each of our directors; and

all of our directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officers is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has the sole or shared voting power or investment power and any shares that the individual has the right to acquire within 60 days of March 18, 2013 (the Record Date) through the exercise of stock options, warrants or other convertible securities or any other right. Shares of our common stock that a person has the right to acquire within 60 days of the Record Date are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person or group (except with respect to the percentage ownership of all directors and executive officers as a group).

The number and percentage of shares beneficially owned is computed on the basis of shares of our common stock outstanding as of the Record Date plus an aggregate of unvested restricted shares of common stock awarded to certain directors. The information in the following table regarding the beneficial owners of more than 5% of our common stock is based upon information supplied by our principal stockholders or set forth in Schedules 13D and 13G filed with the SEC. The determination that there were no other persons, entities or groups known to the Company to beneficially own more than 5% of the Company's outstanding common stock was based on a review of all statements and reports filed with the SEC with respect to the Company pursuant to Section 13(d) or 13(g) of the Exchange Act since the beginning of the prior fiscal year.

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To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person or entity named in the table has sole voting and disposition power with respect to the shares set forth opposite such person's or entity's name. The address for those persons for which an address is not otherwise provided is c/o Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Shares of Common Stock Outstanding(1)
<b>5% Stockholders:</b>		
VSS-Cambium Holdings III, LLC c/o Veronis Suhler Stevenson  55 East 52 <sup>nd</sup> Street, 33 <sup>rd</sup> Floor  New York, New York 10055	32,321,613(2)	67.8%
<b>Directors and Executive Officers:</b>		
David Bainbridge c/o Veronis Suhler Stevenson  55 East 52 <sup>nd</sup> Street, 33 <sup>rd</sup> Floor  New York, New York 10055	32,321,613(3)	67.8%
Walter G. Bumphus	19,159	
Thomas Kalinske	38,030	*
Harold O. Levy	18,030	*
Jeffrey T. Stevenson c/o Veronis Suhler Stevenson  55 East 52 <sup>nd</sup> Street, 33 <sup>rd</sup> Floor  New York, New York 10055	32,321,613(3)	67.8%
Richard J. Surratt	32,747	*
Neil Weiner c/o Foxhill Capital Partners, LLC  502 Carnegie Center, Suite 104  Princeton, New Jersey 08540	1,557,599(4)	3.4%
Ronald Klausner	741,193(5)	1.6%
Vernon Johnson	161,875(6)	*
Joe Walsh	(11)	*
Bradley C. Almond	192,171(7)	*
John Campbell	227,704(8)	*
Todd W. Buchardt	137,005(9)	*
All directors and executive officers as a group (15 individuals)	35,534,535(10)	72%

\* Represents less than 1% of the outstanding shares of our common stock.

(1) Ownership percentages are based on 46,904,200 shares of common stock of the Company outstanding as of March 18, 2013 (the Record Date for the Annual Meeting).

- (2) VSS-Cambium Holdings III, LLC, a Delaware limited liability company ( *V-C Holdings III* ), filed Amendment No. 2 to Schedule 13D with the SEC on August 16, 2011. According to the amended Schedule 13D, V-C Holdings III beneficially owned 32,181,068 shares of our common stock, with sole voting and dispositive power over such shares. These shares are comprised of: (i) 31,584,400 shares of common stock; and (ii) 737,213 shares of common stock underlying a common stock warrant (the *Warrant* ) issued to V-C Holdings III pursuant to the terms of the Merger Agreement. Since the filing of the Schedule 13D, the number of shares of common stock underlying the Warrant has increased by an aggregate of 140,545 shares, and may be further increased under certain circumstances, in accordance with the terms and provisions of the Warrant. Thus, V-C Holdings III may be deemed to beneficially own an aggregate of 32,321,613 shares of our common stock as of the Record Date.

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- (3) By virtue of their positions within Veronis Suhler Stevenson ( VSS ) and by virtue of VSS equity interest in V-C Holdings III, Messrs. Stevenson and Bainbridge each may be deemed to share investment and voting control with respect to the 32,321,613 shares of common stock owned by V-C Holdings III. See Note (2) above.
- (4) By virtue of his position with Foxhill Capital Partners, LLC, a Delaware limited liability company, and certain of its affiliates ( Foxhill ), Mr. Weiner may be deemed to beneficially own an aggregate of 1,581,629 shares of our common stock as of the Record Date, including 1,557,599 shares of common stock owned by Foxhill and 24,030 shares owned directly by Mr. Weiner.
- (5) This number includes options to purchase 613,963 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013. Mr. Klausner resigned effective March 19, 2013.
- (6) This number includes options to purchase 161,875 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013. Dr. Johnson resigned effective March 19, 2013.
- (7) This number includes options to purchase 187,500 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013. Mr. Almond resigned effective March 19, 2013.
- (8) This number includes options to purchase 225,000 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013.
- (9) This number includes options to purchase 131,250 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013.
- (10) This number includes (i) options to purchase an aggregate of 1,623,058 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013; (ii) an aggregate of 32,321,613 shares of common stock that may be deemed to be beneficially owned by each of Messrs. Stevenson and Bainbridge, including 737,213 shares issuable upon exercise of the Warrant; and (iii) an aggregate of 1,557,599 shares of common stock that may be deemed to be beneficially owned by Mr. Weiner. Shares beneficially owned by both Messrs. Stevenson and Bainbridge are only included once in calculating the aggregate number of shares owned by directors and executive officers as a group.
- (11) Appointed as a director and Chairman of Board on March 19, 2013.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and executive officers and the beneficial owners of more than 10% of our registered equity securities to file reports of ownership and reports of changes in ownership with the SEC. Such reporting persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file based solely on our review of the copies of such forms received by us, we believe that these persons complied with all the applicable filing requirements during our fiscal year ending December 31, 2012.

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

**Board Structure**

Our amended and restated certificate of incorporation provides that the Board shall consist of nine directors. Currently, the Company's nine directors are David Bainbridge, Walter G. Bumphus, John Campbell, Thomas Kalinske, Harold O. Levy, Jeffrey T. Stevenson, Richard J. Surratt, Joe Walsh and Neil Weiner. Our directors are divided into three classes – Class I, Class II and Class III – with three directors in each class. The directors in each class serve for staggered three-year terms. Messrs. Levy, Kalinske and Walsh are Class I directors whose terms will expire at our 2013 Annual Meeting of Stockholders. Each of these directors has been nominated for re-election to the Board. Messrs. Bainbridge, Bumphus and Weiner are Class II directors whose terms will expire at our 2014 Annual Meeting of Stockholders. Messrs. Stevenson and Surratt are Class III directors whose terms will expire at our 2013 Annual Meeting of Stockholders.

**Director Independence**

Our Board has determined that each of Walter Bumphus, Thomas Kalinske, Harold O. Levy, Richard Surratt, and Neil Weiner satisfy the current independent director standards established by rules of The NASDAQ Stock Market LLC ( *NASDAQ* ) and, as to the members of the Audit Committee of our Board, the additional independence requirements under applicable rules and regulations of the SEC. Since the Company is a controlled company (as defined in NASDAQ Rule 5615(c)(2)), it is not required to have a majority of the Board comprised of independent directors. See *Controlled Company Status* below for additional information.

**Board Leadership Structure**

Joe Walsh serves as the Chairman of our Board and John Campbell serves as our Chief Executive Officer. We believe the separation of offices is beneficial because a separate Chairman (i) is able to provide the Chief Executive Officer with guidance and feedback on his performance, (ii) provides a more effective channel for the Board to express its views on management, and (iii) allows the Chairman to focus on stockholder interests and corporate governance while the Chief Executive Officer leads the Company's strategy development and implementation. As Mr. Walsh has significant experience with companies engaged in the media and information industries, he is particularly well suited to serve as Chairman.

**Risk Oversight**

The Board has the ultimate oversight responsibility for the risk management process and regularly reviews issues that present particular risk to us, including those involving competition, customer demands, economic conditions, planning, strategy, finance, sales and marketing, products, information technology, facilities and operations, supply chain, legal and environmental matters and insurance. The Board further relies on the Audit Committee for oversight of certain areas of risk management. In particular, the Audit Committee focuses on financial and enterprise risk exposures, including internal controls, and discusses with management and the Company's independent registered public accounting firm our policies with respect to risk assessment and risk management, including risks related to fraud, liquidity, credit operations and regulatory compliance, and advises the internal audit function as to overall risk assessment of the Company. The Board believes that this approach, supported by the separation of our senior leadership, provides appropriate checks and balances against undue risk-taking.

**Controlled Company Status**

The Company is a controlled company as defined in NASDAQ Rule 5615(c)(2) because V-C Holdings III holds more than 50% of the Company's voting power. As a controlled company, the Company is not required to have a majority of its Board comprised of independent directors, a compensation committee comprised solely of independent directors or a nominating committee comprised solely of independent directors.

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### **Committees of the Board**

*Overview.* Our Board has two standing committees: the Audit Committee and the Compensation Committee, which was created on February 9, 2012. The Board may, from time to time, establish other committees to facilitate the management of the Company or for any other functions it may deem necessary or appropriate. The Board may also create various *ad hoc* committees for special purposes. Committee membership will be decided by the Board members. The membership during the last fiscal year and the function of the Audit Committee is described below.

*Audit Committee.* The current members of the Audit Committee are Neil Weiner (Chairman), Thomas Kalinske and Harold Levy. The Board has determined that each member of the Audit Committee meets the independence and financial literacy requirements of the NASDAQ rules and the independence requirements of the SEC. Neil Weiner, by virtue of his financial and investment experience gained as founder and manager of the Foxhill funds, has been designated as the Audit Committee financial expert within the meaning of Item 407(d)(5) of Regulation S-K.

The Audit Committee oversees the Company's accounting and financial reporting processes and the audits of its financial statements. In this role, the Audit Committee monitors and oversees the integrity of the Company's financial statements and related disclosures, the qualifications, independence, and performance of the Company's independent registered public accounting firm, and the Company's compliance with applicable legal requirements and its business conduct policies. The Audit Committee has authority to retain outside legal, accounting or other advisors as it deems necessary to carry out its duties and to require the Company to pay for such expenditures. The Audit Committee has a written charter, which was adopted by our Board in December 2009, a copy of which can be found on our website at [www.cambiumlearning.com](http://www.cambiumlearning.com). The information on our website is not a part of this Proxy Statement. During 2011, the Audit Committee held eight meetings. The report of the Audit Committee appears on page 16 of this Proxy Statement.

*Compensation Committee.* The Company is not required to have a Compensation Committee due to its status as a controlled company. On February 9, 2012, the Board decided to create a Compensation Committee. The Compensation Committee operates under a charter, which can be found on our website at [www.cambiumlearning.com](http://www.cambiumlearning.com). The primary purpose of our Compensation Committee is to:

Review and approve the compensation and benefits of our executive officers and key employees;

monitor and review our compensation and benefit plans;

administer our stock and other incentive compensation plans and programs and prepare recommendations and periodic reports to the Board of Directors concerning such matters;

prepare the Compensation Committee report required by SEC rules to be included in our annual report;

prepare recommendations and periodic reports to the Board as appropriate; and

handle such other matters that are specifically delegated to the Compensation Committee by our Board from time to time.

Messrs. Bainbridge, Levy, and Weiner serve on the Compensation Committee, and Mr. Levy serves as the chairman. Our Board of Directors has affirmatively determined that Messrs. Levy and Weiner meet the definition of "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the definition of a "non-employee director" for the purposes of Section 16 of the Exchange Act and are independent Directors under NASDAQ rules.

Although Mr. Bainbridge is not an independent director under NASDAQ rules or the independence criteria of the SEC, NASDAQ rules permit one director who is not independent and is not a current officer or employee to be appointed to the compensation committee if the Board determines that such individual's membership on the committee is required by the best interest of the Company and the shareholders, and such individual does not serve longer than two years. The Board believes Mr. Bainbridge's membership is in the best interests of the Company and the shareholders because his vast experience and service on the boards of directors of numerous companies provides the compensation committee

with access to information regarding business practices and strategies across several industries.

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None of our executive officers serve on the compensation committee or board of directors of any other company of which any of the members of our Compensation Committee or any of our Directors is an executive officer.

### **Board and Committee Meetings**

The Board held six meetings during 2012 and took action by written consent on two occasions. Each director, except for Jeffrey Stevenson, attended at least 75 percent of the aggregate number of all meetings of the Board and of the committees of the Board on which he served that were held during 2012.

### **Director Attendance at Stockholders Meetings**

We do not maintain a formal policy regarding director attendance at our annual stockholders meetings. The directors of the Company are encouraged to attend the Company's annual stockholders meetings, and we expect that, absent compelling circumstances, our directors will attend our annual stockholders meetings in person or by telephone. Each of our directors attended the Company's 2012 Annual Meeting of Stockholders, which was held on May 16, 2012.

### **Director Nomination Process**

*Nominations.* Our Board does not currently have a nominating committee or other committee performing a similar function, nor do we have any formal written policies outlining the factors and process relating to the selection of nominees for Board membership by the full Board and the stockholders. As previously discussed, we are considered a controlled company under NASDAQ Rule 5615(c)(2) and therefore are not required to have a nominating committee or to have a majority of our independent members recommend qualified nominees for consideration by the Board. The Board as a whole performs the functions that would typically be performed by a nominating committee.

Our Board believes that it is appropriate for us to not have a nominating committee because, in light of V-C Holdings III's control of more than 50% of our voting power, it does not believe that a nominating committee would serve a meaningful purpose. Since there is no nominating committee, the Board does not have a nominating committee charter.

*Director Qualifications.* While our Board has not established specific minimum qualifications for director candidates, the candidates for Board membership should have the highest professional and personal ethics and values, and conduct themselves consistent with our code of business conduct and ethics. While our Board has not formalized specific minimum qualifications that it believes must be met by a candidate in order for such candidate to be recommended by the Board, the Board believes that candidates and nominees must reflect a Board that is comprised of directors who (i) have broad and relevant experience, (ii) are of high integrity, (iii) have qualifications that will increase overall Board effectiveness and enhance long-term stockholder value, and (iv) meet other requirements as may be required by applicable rules, such as independence, financial literacy or financial expertise with respect to Audit Committee members.

*Nomination of Director Candidates:* Stockholders may propose director candidates for consideration by our Board as well as nominate a director for election at our annual meeting. For more information please review the information provided in the question "What is the deadline to propose actions for consideration at next year's Annual Meeting of Stockholders or to nominate individuals to serve as directors?" on Page 5 of this Proxy Statement.

*Identifying and Evaluating Director Nominees.* Typically, new candidates for nomination to the Board are suggested by our directors or our executive officers, although candidates may initially come to our attention through professional search firms, stockholders or other persons. The Board carefully reviews the qualifications of any candidates who have been properly brought to its attention. Such a review may, in the Board's discretion, include a review solely of information provided to the Board or may also include discussion with persons familiar with the candidate, an interview with the candidate or other actions that the Board deems proper. The Board will consider the suitability of each candidate, including the current members of the Board, in light of the



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current size and composition of the Board. In evaluating the qualifications of the candidates, the Board considers many factors, including, without limitation, issues of character, judgment, independence, expertise, diversity of experience, length of service, and other commitments. The Board evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors. Candidates properly recommended by stockholders are evaluated by the Board using the same criteria as other candidates.

**Director Compensation**

Our current Board compensation program is as follows:

*Non-Employee Directors.* A *Non-Employee Director* is any director who is neither an employee of the Company or any subsidiary of the Company, nor an Affiliated Director (as defined below). Each Non-Employee Director is entitled to (i) an annual retainer of \$35,000, payable in cash (pro-rated for partial year service); and (ii) an annual award of restricted common stock of the Company valued at approximately \$30,000, using the then-current stock price. The restrictions on the common stock award will lapse on the one year-anniversary of the grant date or upon a change in control of the Company. The common stock awards will be made under, and will be subject to, the Company's 2009 Equity Incentive Plan (the *Equity Incentive Plan*). For fiscal year 2012, each Non-Employee Director was awarded 9,259 shares of the restricted common stock. In 2012, our Non-Employee Directors were Thomas Kalinske, Harold O. Levy, Walter G. Bumphus, Richard J. Surratt and Neil Weiner. For 2013, the Board elected to convert the annual award of restricted stock to a cash payment equal to \$30,000.

*Affiliated Directors.* *Affiliated Directors* are directors who are employed by VSS. Each Affiliated Director is entitled to an annual retainer of \$65,000, payable in cash (pro-rated for partial year service), in lieu of any annual equity compensation. The compensation payable to Affiliated Directors is required to be paid directly to VSS and not to the Affiliated Directors. In 2012, our Affiliated Directors were David Bainbridge and Jeffrey T. Stevenson.

*Employee Directors.* An *Employee Director* is any director who is a current officer or employee of the Company or any subsidiary of the Company. Employee Directors do not receive any additional compensation for their service as members of either the Board or any committees of the Board. In 2012, our Employee Directors were Ronald Klausner and Vernon Johnson.

All directors are entitled to reimbursement for travel and lodging and other reasonable out-of-pocket expenses incurred by them in connection with their attendance at Board and/or Board committee meetings.

In addition to any other applicable compensation payable under the director compensation program outlined above, so long as the Chairman of the Board is an Affiliated Director, he or she will be entitled to an annual retainer of \$70,000, payable in cash (pro-rated for partial year service). Also, members of the Audit Committee and of the Board are entitled to receive an additional annual cash retainer of \$7,000, and the Chairman of the Audit Committee is entitled to receive an additional annual cash retainer of \$10,000. Non-Affiliated members of the Compensation Committee are entitled to receive an annual cash retainer equal to \$2,000, and the Chairman of the Compensation Committee is entitled to receive an annual cash retainer equal to \$5,000.

The table below sets forth the total compensation received by our Non-Employee Directors and Affiliated Directors in 2012. The amounts in the *Stock Awards* column below represent the aggregate grant date fair value of awards computed in accordance with the accounting guidance for stock compensation for restricted stock awards granted to the directors in 2012.

	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)	Total (\$)
<b>Thomas Kalinske</b>	42,000	30,000		72,000
<b>Harold O. Levy</b>	42,000	30,000		72,000
<b>David Bainbridge</b>	65,000			65,000
<b>Walter G. Bumphus</b>	35,000	30,000		65,000
<b>Jeffrey T. Stevenson</b>	65,000			65,000
<b>Richard J. Surratt</b>	35,000	30,000		65,000
<b>Neil Weiner</b>	45,000	30,000		75,000

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- (1) Restricted stock awards include the aggregate grant date fair value of such awards computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 ( ASC 718 ), Compensation Stock Compensation. For a discussion of the assumptions we made in valuing the stock and option awards, see Note 17 Stock Based Compensation and Expense in the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.
- (2) Each of these restricted stock awards will vest over a one-year period, with 100% of such shares vesting on the first anniversary of the grant date.

### **Code of Ethics and Code of Conduct**

We are committed to maintaining the highest standards of business conduct and ethics. Our Code of Business Conduct and Ethics (the *Code of Conduct* ) and our Code of Ethics for Senior Financial Officers (the *Code of Ethics* ) reflect our values and the business practices and principles of behavior that support this commitment. The Code of Ethics is intended to satisfy SEC rules for a code of ethics required by Section 406 of the Sarbanes-Oxley Act of 2002, and the Code of Conduct is intended to satisfy the NASDAQ listing standards requirement for a code of conduct. Both the Code of Ethics and the Code of Conduct are available on our website at [www.cambiumlearning.com](http://www.cambiumlearning.com). We will post any amendment to the Code of Ethics or the Code of Conduct, as well as any waivers that are required to be disclosed by the rules of the SEC or NASDAQ, on our website. The information on our website is not a part of this Proxy Statement. Each of the Code of Ethics and the Code of Conduct also is available in print, free of charge, to any stockholder who requests a copy by writing to the Company at the following address: Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287, Attention: Secretary.

### **Compensation Committee Interlocks and Insider Participation**

During 2012 no officer or employee, or any former officer participated in deliberations of the Board concerning such executive officer compensation. No interlocking relationship existed between any executive officer or director of the Company and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past.

### **Certain Relationships and Related Transactions**

#### ***Review of Related Person Transactions***

Our Board's policy, as set forth in the Audit Committee's charter, is that all transactions with related persons, as contemplated by Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended (the *Securities Act* ), are subject to review and approval by our Audit Committee.

#### ***Transactions with Related Persons***

Messrs. Stevenson and Bainbridge directors of the Company, are a partner and managing directors, respectively of VSS. Funds managed by VSS own a majority of the equity interests in the Company.

A consulting fee agreement was entered into between the Company and VSS, entitling VSS to the following fees:

a fee equal to 1% of the gross proceeds of any debt or equity financing by the Company; and

a fee equal to 1% of the enterprise value of any entities acquired or disposed of by the Company.

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In March 2013, the Board approved an amendment to the consulting fee agreement that pays VSS an additional \$70,000 per year for its oversight and assistance it provides the Company in a number of financial and operational areas. These obligations will remain in effect until the earlier of the date on which VSS-Cambium Holdings III, LLC or funds managed by VSS cease to beneficially own at least 10% of the outstanding common stock of the Company or, unless the Company's Audit Committee renews the consulting fee agreement, January 1, 2015.

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In addition to serving as Chairman, Mr. Walsh will also be engaged as a consultant to the Company on a regular basis. For his services as Chairman and as a consultant to the Company, Mr. Walsh will receive total annual compensation of \$300,000, comprised of the compensation to which he is entitled as a Non-Employee Director under the Company's Board compensation program (Mr. Walsh is not an Affiliated Director under that program) and the balance comprised of fees received pursuant to a consulting agreement with the Company. Prior to this arrangement, Mr. Walsh provided consulting services to the Company on an as-needed basis at rate of \$25,000 per month.

In addition, Mr. Walsh entered into the Company's form indemnification agreement, a copy of which is attached to the Company's Current Report on Form 8-K filed on June 1, 2010 and is incorporated herein by reference.

Mr. Walsh has no family relationships with any director or executive officer of the Company, and there are no arrangements or understandings with any person pursuant to which he was selected as an officer of the Company.

## **Stockholder Communications with the Board**

Stockholders wishing to communicate with the Board or with an individual Board member, including any non-management member of the Board, may do so by writing to the attention of the Board or to the particular Board member and mailing the correspondence to: Attention: Board of Directors (or name of Board member(s)), c/o Secretary, Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287. The envelope should indicate that it contains a stockholder communication. All such stockholder communications will be forwarded to the director or directors to whom the communications are addressed.

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**REPORT OF THE AUDIT COMMITTEE**

*The Report of the Audit Committee does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other Company filing under the Securities Act or the Exchange Act whether made before or after the date of this Proxy Statement and irrespective of any general incorporation language in those filings, except to the extent that the Company specifically incorporates the Report of the Audit Committee by reference therein.*

The Audit Committee of the Board of Directors is currently comprised solely of independent directors meeting the requirements of applicable rules of the SEC and of the NASDAQ Global Market. All members of the Audit Committee were appointed by the Board of Directors. The Audit Committee operates pursuant to a written charter adopted by the Board of Directors. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. As more fully described in the charter, the purpose of the Audit Committee is to provide general oversight of the Company's financial reporting, integrity of financial statements, internal controls and internal audit functions.

The Audit Committee monitors the Company's external audit process, including the scope, fees, auditor independence matters and the extent to which the Company's independent registered public accounting firm may be retained to perform non-audit services. The Audit Committee has responsibility for the appointment, compensation, retention and oversight of the Company's independent registered public accounting firm. The Audit Committee also reviews the results of the external audit work with regard to the adequacy and appropriateness of the Company's financial, accounting and internal controls over financial reporting. In addition, the Audit Committee generally oversees the Company's internal compliance programs. The Audit Committee members are not all professional accountants or auditors, and their function is not intended to duplicate or to certify the activities of management and the independent registered public accounting firm.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles, and internal controls and procedures designed to ensure compliance with applicable accounting standards, laws and regulations. The Company's independent registered public accounting firm, Whitley Penn LLP, is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards and expressing an opinion in its report on those financial statements. For the fiscal year ended December 31, 2012, Whitley Penn LLP also has issued an opinion on the effectiveness of the Company's internal control over financial reporting.

The Audit Committee provides oversight, advice, counsel and direction to management and the independent registered public accounting firm on matters for which it is responsible based on the information it receives from management and the independent registered public accounting firm and the experience of its members in business, financial and accounting matters.

The Audit Committee reviewed the Company's audited financial statements for the fiscal year ended December 31, 2012, and met with both management and Whitley Penn LLP to discuss those financial statements and Whitley Penn LLP's related opinion. Management and the independent registered public accounting firm have represented to the Audit Committee that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The Audit Committee has discussed with Whitley Penn LLP the matters required to be discussed by American Institute of Certified Public Accountants, *Professional Standards*, Vol. 1, AU section 380, as adopted by the Public Company Accounting Oversight Board ( *PCAOB* ) in Rule 3200T.

The Audit Committee has also received and reviewed the written disclosures and the letter from Whitley Penn LLP required by applicable requirements of the PCAOB regarding Whitley Penn LLP's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with Whitley Penn LLP its independence.

Based on its review and the meetings, discussions and reports described above, and subject to the limitations of its role and responsibilities referred to above and in its charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2012, be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 to be filed with the SEC.

**Members of the Audit Committee:**

Neil Weiner, Chairman

Thomas Kalinske

Harold Levy

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**PROPOSAL ONE**

**ELECTION OF DIRECTORS**

**Director Nominees**

The Board has nominated Thomas Kalinske, Harold Levy and Joe Walsh for re-election as Class I directors. If re-elected to the Board, Messrs. Johnson, Kalinske and Levy would each hold office as a Class I director until our Annual Meeting of Stockholders to be held in 2016 and until his respective successor has been duly elected and qualified, or until his earlier death, resignation or removal. Each of Messrs. Kalinske, Levy, and Walsh consented to be named as a nominee and, if elected, to serve as a director.

If any of the nominees named above is unable or unwilling to serve as a director, your proxy will be voted for such other person or persons as the Board may recommend. We do not anticipate that such an event will occur.

**Information about the Nominees**

*Harold O. Levy.* Harold O. Levy has served as a Class I director of the Company since January 2010. He is a member of the Audit Committee and the Compensation Committee of the Board. Mr. Levy has been a Managing Director at Palm Ventures, LLC since 2009, where he concentrates on investments in education, regulated industries and allied fields. Prior to that, he was the Managing Director and Special Counsel at Plainfield Asset Management. He previously served as Executive Vice President and General Counsel at Kaplan, Inc., where he was a member of the Executive Team of Kaplan University and founded Kaplan University's online School of Education. Mr. Levy was the New York City Schools Chancellor from 2000 to 2002; he created accountability metrics, started the Teaching Fellows Program for career changers and significantly improved reading and math scores.

From 1986 to 2000, Mr., Levy served in numerous legal, regulatory and management positions in the financial services industry. He was Director of Global Compliance of Citigroup, Inc., Associate General Counsel of Travelers Group, Inc., Litigation Counsel and Counsel to the Investment Bank of Salomon Brothers Inc., and Assistant General Counsel of Philipp Brothers, Inc. (Phibro) He has also served on the board of the Coffee, Sugar & Cocoa Exchange, Inc. and on the National Adjudicatory Council of Financial Industry Regulatory Authority.

Mr. Levy sits on the Presidential Advisory Council of the Teachers College (Columbia University), the National Dropout Prevention Center Board, the College Board's Innovations Advisory Group, the Western Association of Schools and Colleges Financial Task Force, and the boards of Pace University and Cogswell College. He has served on numerous governmental boards and committees, including the New York State Board of Regents and the US Department of Education's Committee on Measures of Student Success.

Mr. Levy's extensive experience in both the K-12 and online education marketplace provides us with guidance on addressing the needs of large schools districts and the conversion of print based materials to an online delivery platform. His work in the equity space provides us with guidance on merger and acquisition opportunities in the education market segments. His background in legal and compliance regulatory matters contributes to the Board's expertise in these areas.

*Thomas Kalinske.* Thomas Kalinske has served as a director of the Company since February 2010. He is a member of the Audit Committee of the Board. Mr. Kalinske has been the Executive Chairman of Global Education Learning, a company focused on acquiring education companies in China that teach English creativity, critical thinking and math to children 2-7, since 2009. Mr. Kalinske also serves as Vice Chairman of the board of LeapFrog Enterprises, Inc. Mr. Kalinske's history with LeapFrog dates back to September 1997, where he served as their CEO until June 2006, and was then the Chairman of the board of directors until February 2004. Prior to that, he served as the CEO of Knowledge Universe, Sega of America, Matchbox, Inc. and Mattel, Inc. Mr. Kalinske served on the board of directors of Blackboard, Inc. until December 2011, a University and K-12 enterprise software applications company; the board of directors of Kidzui, a safe children's Internet search and education site; the board of directors of Genyous Omnitura, a cancer drug development company; is a member of the National Board of Advisors of the University of Arizona School Of Business; and is an Emeritus member of the University Of Wisconsin School Of Business Advisors.

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Mr. Kalinske has been a leader in a number of technology, toy and education ventures, and brings extensive experience in these areas to the Board. As noted, he has served as CEO of Mattel, a leading toy manufacturer and prominent public company, and has held both the CEO and Chairman roles at Leapfrog, a publicly traded company focused on designing, developing and marketing an array of technology-based learning platforms for infants and children. Among other things, Mr. Kalinske brings to the Board his extensive experience in the areas of technology, gaming and educational ventures; areas that align closely with the Company's continuing focus on technology-based learning. His background in relevant industries and his long career of leadership as a director and as an officer of various companies, including a current directorship with a public company other than the Company, allows Mr. Kalinske to provide the Board with pertinent strategic and business insight.

*Joe Walsh.* Joe Walsh, 49, has been the Chairman and CEO of Walsh Partners, a private company founded in 2012, focused on investments and advisory services, since its inception. He was previously employed by Yellowbook Inc. from 1987 to 2011 and served as President and CEO, and as a member of the board of directors, from 1993 to 2011. At Yellowbook, Mr. Walsh led the company through a series of acquisitions, partnerships and new market launches. Mr. Walsh possesses substantial executive, business and operational experience relating to private equity ventures and complex mergers and acquisitions situations. In 1982, Mr. Walsh co-founded IYP Publishing, a company he sold to DataNational in 1985. He served as Vice President of Sales at DataNational until joining Yellowbook in 1987.

Mr. Walsh brings to the Board, among other things, significant insight into the development and implementation of a disciplined and effective growth strategy, evidenced by the consistent improvement of financial returns for the companies he has served. His long career of leadership in significantly growing and expanding companies and his involvement in reshaping the directory industry allow him to provide invaluable guidance that aligns closely with the Company's continuing focus on growth and expansion of the Company's products and platforms.

## **Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* EACH OF THE THREE NOMINEES FOR CLASS I DIRECTOR LISTED ABOVE.**



**Table of Contents****Information about the Directors and Executive Officers of the Company**

The table below sets forth the names and ages of the current directors, including the nominees and the executive officers of the Company, as well as the position(s) and office(s) with the Company held by those individuals. Messrs. Klausner and Johnson resigned as directors and officers as of March 19, 2013, Mr Almond resigned effective March 19, 2013, as Chief Executive Officer. A summary of the background and experience of each of those individuals is set forth after the table. No family relationship exists between any of the nominated directors or the executive officers of the Company.

Name	Age	Position(s)
<b>DIRECTOR NOMINEES CLASS I DIRECTORS (WHOSE TERMS EXPIRE IN 2013):</b>		
Harold O. Levy	60	Director, Chair of Compensation Committee
Thomas Kalinske	68	Director
Joe Walsh	49	Chairman of the Board
<b>CONTINUING DIRECTORS CLASS II DIRECTORS (WHOSE TERMS EXPIRE IN 2014):</b>		
Walther G. Bumphus	65	
David Bainbridge	41	Director
Neil Weiner	51	Director, Chair of Audit Committee
<b>CONTINUING DIRECTORS CLASS III DIRECTORS (WHOSE TERMS EXPIRE IN 2015):</b>		
John Campbell	52	Director and Chief Executive Officer
Jeffrey T. Stevenson	52	Director
Richard J. Surratt	52	Director
<b>EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS:</b>		
Barbara A. Benson(1)	42	Chief Financial Officer
Todd W. Buchardt	53	Senior Vice President Human Resources, General Counsel and Secretary
Paul Fonte(2)	44	Chief Technology Officer
Carolyn Getridge	68	Senior Vice President Urban Development
George A. Logue	62	Executive Vice President and President, Voyager/Sopris

(1) Elected as Chief Financial Officer as of March 19, 2013.

(2) Elected as Chief Technology Officer as of March 19, 2013.

**Continuing Directors Class II**

**Walter G. Bumphus.** Dr. Walter G. Bumphus has served as a director of the Company since May 2011. Dr. Bumphus has been the President and Chief Executive Officer of the American Association of Community Colleges ( AACC ) since January 2011. AACC is headquartered in the National Center for Higher Education in Washington, D.C. and is the primary advocacy organization for community colleges at the national level and works closely with the directors of state offices to inform and affect state policy. Prior to assuming the presidency of AACC, Dr. Bumphus served as a professor in the Community College Leadership Program and as chair of the Department of Educational Administration at the University of Texas at Austin. In an educational career that spans over 30 years, Dr. Bumphus has worked as an administrator at a regional university, at a state system of community and technical colleges, and at four different community colleges.

Dr. Bumphus' professional career has been focused on the education community for over 30 years. His experience in community and technical colleges provides the Company with a better understanding of the needs of students focused on post-secondary educational opportunities. Dr. Bumphus also assists us in better understanding understand certain legislative and regulatory challenges in providing products and services to schools.



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*David F. Bainbridge.* David Bainbridge serves as a Class II director whose term will expire in 2014. Mr. Bainbridge has served as a director of the Company since April 2012. Mr. Bainbridge, a Managing Director at Veronis Suhler Stevenson, is responsible for sourcing, developing and monitoring private equity and mezzanine debt investments in the healthcare and education industries. Mr. Bainbridge is also a Director of Strata Decision Technology, Remedy Health Media, Infobase Learning, and Metschools and previously served on the board of Avatar International. Since joining VSS in 2003, he has also been active in the firm's investments in Solucient, Executive Health Resources, and Gallo Holdings. Before joining VSS, Mr. Bainbridge spent 10 years as an investment banking professional, most recently with Berkery Noyes & Co., specializing in various information segments. Mr. Bainbridge is a graduate of Cornell University and an honors graduate of the Stern School of Business at New York University.

Mr. Bainbridge's service in an array of positions within VSS, and his associated service on the boards of directors of multiple VSS portfolio companies, provides the Board with access to information regarding business practices and strategies across several industries. Mr. Bainbridge's vast expertise regarding mergers and acquisitions and financing allows him to provide invaluable guidance to the Board and executive management regarding these matters. This continues to be very important to the Company, because we have implemented through the Mergers, and may continue to implement, a growth strategy that involves the acquisition of complementary businesses.

*Neil Weiner.* Neil Weiner has served as a director of the Company since completion of the Mergers in December 2009. He is the Chairman of the Audit Committee and a member of the Compensation Committee of the Board. Mr. Weiner is the founder of Foxhill Opportunity Master Fund, L.P., Foxhill Opportunity Fund, L.P., and Foxhill Opportunity Offshore Fund, Ltd., and has served as the Senior Managing Member of Foxhill Capital Partners, LLC, the investment manager of the Foxhill funds, since January 2006. Mr. Weiner has over 25 years of investment experience, including the management of hedge fund portfolios for the past 17 years. From June 2000 through March 2005, Mr. Weiner was a Managing Member and co-portfolio manager of Triage Advisors LLC and Triage Management LLC, the investment advisors to Triage Capital Management LP and Triage Offshore Fund Ltd. Prior to joining Triage Capital Management, LLC, Mr. Weiner was a Managing Director and portfolio manager from April 1992 to May 2000 with LibertyView Capital Management, a multi-strategy arbitrage hedge fund group. Prior to his hedge fund experience, Mr. Weiner worked as a sell-side analyst at Salomon Brothers Inc.

Through his over 25 years of investment experience, Mr. Weiner has acquired extensive knowledge of, and experience in, the areas of finance and capital markets. Mr. Weiner has substantial hedge fund and investment experience, most recently as founder and manager of the Foxhill funds. Mr. Weiner's prior experiences demonstrate his leadership capability and business acumen. In addition, based on Mr. Weiner's extensive business and investment experience, the Board has determined that he qualifies as an audit committee financial expert.

**Continuing Directors Class III**

*John Campbell.* Mr. Campbell, 52, has served as a Senior Vice President of the Company and the President of the CLT business unit since December 2009. Mr. Campbell served as Chief Operating Officer of Voyager Expanded Learning from January 2004 to December 2009. Before joining Voyager Learning Company, Mr. Campbell served as Chief Operating Officer and business unit head of a research-based reading company (Breakthrough to Literacy) within McGraw-Hill. Prior to joining Breakthrough/McGraw-Hill, he served as Director of Technology for Tribune Education. Additionally, Mr. Campbell has experience as General Manager of a software start-up (Insight) and as Director of Applications and Technical Support for a hardware manufacturer (Commodore International).

In connection with his appointment as Chief Executive Officer, the Company entered into an offer letter agreement (the Campbell Agreement) with Mr. Campbell confirming the terms of his at-will employment with the Company. Pursuant to the Campbell Agreement, the Company agreed to provide Mr. Campbell with an initial annual base salary of \$350,000. The Campbell Agreement also provides for an annual bonus opportunity with a target payment of \$250,000 (approximately 70% of base salary), subject to the attainment of annually established

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performance goals to be set each year by the compensation committee of the Board. In the event Mr. Campbell's employment is terminated by the Company without cause, he is entitled to certain severance benefits. These benefits are: (x) salary continuation payments for a period of twelve months; and (y) continuation of health benefits at active employee rates for twelve months. As a precondition to his receipt of such benefits, Mr. Campbell is required to deliver a general release of claims to the Company. The foregoing description of the Campbell Agreement does not purport to be complete, and is qualified in its entirety by reference to the complete text of the Campbell Agreement which will be filed with our forthcoming periodic report on Form 10-Q.

Mr. Campbell also agreed to enter into the Company's standard confidentiality and non-disclosure agreement, which contains provisions customary for agreements of this type. These include confidentiality, non-disparagement, non-competition, and non-solicitation provisions.

*Jeffrey T. Stevenson.* Jeffrey T. Stevenson has served as a director of the Company since the completion of the Mergers in December 2009. Mr. Stevenson is the Managing Partner and Co-Chief Executive Officer of VSS, a private equity fund with \$2.5 billion of capital under management. Mr. Stevenson joined VSS in 1982, shortly after its formation, and has been the head of its private equity business since its first investment in 1989. VSS manages private equity and mezzanine funds dedicated to companies engaged in the media, communications and information industries. Mr. Stevenson currently serves as a director of substantially all of the private portfolio companies in which VSS has invested and serves on the investment committee for each of VSS' investment funds.

As Managing Partner of a private equity fund with over \$2.5 billion of capital under management, Mr. Stevenson has acquired extensive business, operating and investing expertise and has a diversified background of managing several companies, primarily in the media, communications and information industries. Mr. Stevenson has many years of experience as a private equity investor and serves on the boards of directors of substantially all of VSS' portfolio companies. Mr. Stevenson has extensive experience in private investments and finance, and possesses considerable knowledge with respect to strategic business matters across several industries. As a result of these experiences and the insights he has gained in investments, financial management and other areas, Mr. Stevenson makes a significant contribution to the Board's consideration of issues, including those relating to financial matters, operations and oversight of management.

*Richard J. Surratt.* Richard J. Surratt serves as a Class III director of Cambium Learning. Mr. Surratt is the former President and Chief Executive Officer of Voyager, a position he held since January 2007. Prior to that, Mr. Surratt was Senior Vice President and Chief Financial Officer of Voyager since November 2005. From 1999 to 2005, Mr. Surratt was Executive Vice President and Chief Financial Officer of Independence Air, where he was responsible for accounting, treasury, legal, financial planning and information systems activities. Prior to that, Mr. Surratt held various financial and management positions with Mobil Corporation between 1991 and 1999.

Mr. Surratt has extensive experience in both financial and management matters, having held both chief financial officer and chief executive officer roles during his career. Among such positions, Mr. Surratt has served in various senior management positions with Voyager since 2005. Thus, in addition to the key senior management, leadership and financial, strategic planning, corporate governance and public company reporting experience that he brings to the Board, Mr. Surratt also brings a long history and familiarity with Voyager and its subsidiaries prior to the Mergers.

***Executive Officers***

*Ronald Klausner.* Effective March 19, 2013, Mr. Klausner resigned as a director and Chief Executive Officer of the Company. Ronald Klausner served as a director of the Company since the completion of the Mergers in December 2009. Mr. Klausner serves as Chief Executive Officer of the Company, a position he has held since completion of the Mergers in December 2009. Mr. Klausner previously served as President of Voyager Expanded Learning from October 2005 to December 2009. Prior to that, Mr. Klausner served as President of ProQuest Information and Learning (a subsidiary of Voyager until it was sold in 2007) from April 2003 to October 2005. Mr. Klausner came to Voyager from D&B (formerly known as Dun & Bradstreet), a global business information and technology solutions provider, where he worked for 27 years. He served as D&B's Senior Vice President, U.S. Sales, leading a segment with more than \$900 million in revenue, and prior to that he led global data and operations, and customer service, providing business-to-business, credit, marketing and purchasing information in over 200 countries.

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Mr. Klausner possesses substantial executive, business and operational experience relating to the Company and its affiliates and predecessor companies, having served in various senior management positions with Voyager and its affiliates since 2003. As the Company's CEO and a member of the Board, Mr. Klausner has demonstrated leadership skills, business expertise and a commitment to the Company's mission.

*Bradley C. Almond.* Effective March 19, 2013, Mr. Almond resigned as Chief Financial Officer for the Company. Bradley C. Almond was Senior Vice President and Chief Financial Officer of the Company until March 19, 2013, a position he held since completion of the Mergers in December 2009. Mr. Almond joined Voyager in November 2006 as Chief Financial Officer of the Voyager Expanded Learning operating unit, and from January 2009 until December 2009 served as Voyager's Vice President and Chief Financial Officer. From 2003 to 2009, Mr. Almond was Chief Financial Officer, Treasurer and Vice President of Administration at Zix Corporation, a publicly traded email encryption and e-prescribing service provider located in Dallas, Texas. From 1998 to 2003, Mr. Almond worked at Entrust Inc., where he held a variety of management positions, including president of Entrust Japan, general manager of Entrust Asia and Latin America, vice president of finance and vice president of sales and customer operations. Mr. Almond is a licensed Certified Public Accountant.

*Barbara A. Benson.* Effective March 19, 2013, became the Vice President and Chief Financial Officer for the Company. Prior to that date, Barbara A. Benson has served as the Company's Contoller and Principal Accounting Officer since March 2010. From December 2009 to March 2010, Ms. Benson served as Contoller of the Company. Ms. Benson joined Voyager in March 2007, as Contoller of the Voyager Expanded Learning operating unit, and served as Contoller and Principal Accounting Officer from February 2009 to December 2009. From 2004 until joining Voyager in March 2007, Ms. Benson held positions at Pegasus Solutions, Inc., a hotel technology provider of reservation, distribution, financial, and representation services, including Contoller and Director of Financial Accounting and Reporting. Ms. Benson is a licensed Certified Public Accountant.

*Todd W. Buchardt.* Todd W. Buchardt serves as Senior Vice President, General Counsel and Secretary of the Company, a position he has held since completion of the Mergers in December 2009. Mr. Buchardt assumed the role of Sr. Vice President of Human Resources in February 2013. Mr. Buchardt joined Voyager in 1998 where he served as General Counsel and Secretary until March 2000, as Vice President until November 2002, and as Senior Vice President until December 2009. Before joining Voyager, Mr. Buchardt held various legal positions with First Data Corporation from 1986 to 1998. These positions include Counsel for Western Union Financial Services, General Counsel for First Image Management Company from June 1996 to April 1998.

*John Campbell.* John Campbell. See narrative description under the caption, Continuing Directors Class III above.

*Carolyn Gettridge.* Carolyn Gettridge has served as the Company's Senior Vice President of Urban Development since completion of the Mergers in December 2009. She joined Voyager in 1997 as a member of the team that launched the company after a distinguished 30-year career in public education. Immediately prior to joining Voyager, Ms. Gettridge was Superintendent of the Oakland Unified School District. Ms. Gettridge also served as Associate Superintendent of Curriculum and Instruction in Oakland and as Director of Education Programs for the Alameda (CA) County Office of Education.

*Vernon Johnson.* Effective March 19, 2013, Dr. Johnson resigned as a director and President of the Voyager/Sopris learning business unit. Dr. Vernon Johnson has served as a director of the Company since December 1, 2011. He has served as President of the Company's Voyager business unit since December 2011. Prior to returning to Voyager, from January 2005 to November 2011, Dr. Johnson was a partner of Best Associates, a Dallas-based Merchant Banking firm. In this role, he served as Chairman of EPIC Learning, a national for-profit online education company focused on grades 9-12. He was also Executive Vice President of Development and Strategy for the American College of Education, a proprietary fully online college held by Higher Ed Holdings, which is now the 6th largest graduate school of education in the country. Dr. Johnson was one of the founders of Voyager Expanded Learning and served as Executive Vice President, President and CEO of the company over a ten-year period. He was a public educator for 25 years, and served as superintendent of schools in Rochester, MN and Richardson, TX. He was nominated as one of America's Top 100 School

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Executives by the American Association of School Executives, was selected twice for the Annual Congress for Exemplary Superintendents and was chosen as Indiana University's first recipient of the Berkley Emerging Leadership Award.

Dr. Johnson has extensive experience in the areas of K-12 and higher education experience, and the development of on-line courseware technology align closely with the Company's continuing focus on technology-based learning. His background as a school superintendent and his long career of leadership as an officer of various educational based companies provides the Board with strategic and business insight.

*George A. Logue.* George A. Logue serves as Executive Vice President and the President of Voyager/Sopris business segment since March 2013. Prior to that, Mr. Logue served as the President of the Sopris business unit, the Supplemental Solutions business unit of the Company, a position he has held since completion of the Mergers in December 2009. Mr. Logue previously served as the Executive Vice President of Cambium Learning, Inc., or CLI, from June 2003 to December 2009, and also has 30 years of education industry experience. Before joining CLI, Mr. Logue spent 18 years in various leadership roles with Houghton Mifflin Company. At Houghton Mifflin, Mr. Logue served as Executive Vice President of the School Division from 1996 to 2003. Prior to serving as Executive Vice President of Houghton Mifflin, Mr. Logue was Vice President for Sales and Marketing of Houghton Mifflin from 1994 to 1996.

## **PROPOSAL TWO**

### **RATIFICATION OF WHITLEY PENN LLP AS THE COMPANY'S**

#### **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has appointed Whitley Penn LLP as the independent registered public accounting firm to perform the audit of the Company's consolidated financial statements for the fiscal year ending December 31, 2013. Whitley Penn LLP audited the Company's consolidated financial statements for each of the last three fiscal years.

The Board is asking the stockholders to ratify the appointment of Whitley Penn LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013. Although not required by law, by NASDAQ rules or by the Company's bylaws, the Board is submitting the appointment of Whitley Penn LLP to the stockholders for ratification as a matter of good corporate practice. Even if the appointment is ratified, the Audit Committee, in its discretion, may appoint a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Representatives of Whitley Penn LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from the Company's stockholders.

#### **Board of Directors Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF WHITLEY PENN LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2013.**

**Table of Contents****Audit and Non-Audit Services and Fees of Independent Registered Public Accounting Firm**

	<b>2012</b>	<b>2011</b>
Audit fees(1)	\$ 414,404	\$ 387,917
Audit-related fees(2)	4,400	41,700
Tax fees		
All other fees(3)		
<b>Total fees</b>	<b>\$ 418,804</b>	<b>\$ 429,617</b>

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements and our controls over financial reporting and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

(2) Audit-related fees consisted of accounting consultations and attest services related to debt issuance and registration of securities.

(3) All other fees consist of fees and expenses incurred in connection with a registration statement that was not completed. The Audit Committee is directly responsible for the appointment, compensation, and oversight of the Company's independent registered public accounting firm.

The Audit Committee understands the need for Whitley Penn LLP, the Company's independent registered public accounting firm, to maintain objectivity and independence in its audits of the Company's financial statements. To help ensure the independence of the independent registered public accounting firm, the Audit Committee has adopted a policy for the pre-approval of all audit and non-audit services to be performed for the Company by its independent registered public accounting firm. Pursuant to this policy, all audit and non-audit services to be performed by the independent registered public accounting firm must be approved in advance by the Audit Committee. The Audit Committee may delegate to one or more of its members the authority to grant the required approvals, provided that any exercise of such authority is presented to the full Audit Committee at its next regularly scheduled meeting.

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth summary compensation information for the year ended December 31, 2012 for the Company's (i) Chief Executive Officer, (ii) Chief Financial Officer, (iii) and, each of the Company's three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer who were serving as executive officers of the Company as of December 31, 2012. These persons are sometimes referred to elsewhere in this Proxy Statement as our *Named Executive Officers*.

**Table of Contents****SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards \$(1)	Non-Equity Incentive		Total (\$)
						Plan Compensation (\$)	All Other Compensation \$(2)	
<b>Ronald Klausner(3)</b> Chief Executive Officer	2012	557,925					11,392	569,317
	2011	557,925					11,055	568,980
	2010	557,925				150,381	11,056	719,362
<b>Bradley C. Almond(4)</b> Senior Vice President and Chief Financial Officer	2012	255,993				29,000	8,249	293,243
	2011	250,000					5,710	255,710
	2010	250,000	25,000			50,000	5,339	330,339
<b>Vernon Johnson(5)</b> President Voyager/Sopris Business	2012	400,000					7,793	407,793
	2011	26,154			338,399		267	364,820
<b>John Campbell</b> Senior Vice President and President, Cambium Learning Technologies	2012	300,000				32,000	9,992	341,991
	2011	300,000				50,400	7,392	357,792
	2010	299,953				128,700	6,816	435,469
<b>Todd W. Buchardt</b> Senior Vice President, General Counsel	2012	320,850					9,505	330,355
	2011	320,850					6,905	327,755
	2010	320,785			160,603	66,000	6,905	554,293

(1) The amounts reported in this column for each Named Executive Officer reflect aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 for awards granted in fiscal years 2010, 2011 and 2012. These are not amounts paid to or realized by the individuals, and no such amounts were paid to the individuals in 2010, 2011 and 2012. These values were calculated using Black-Scholes option-pricing model with the following assumptions: expected stock volatility of 35%; risk free rate(s) of 1.33% - 2.87%; expected years until exercise using the simplified method of 6.25 years; and a dividend yield of 0%. However, pursuant to SEC rules, the amounts above do not reflect any assumption that a portion of the awards will be forfeited. Additional information regarding outstanding stock options held by the Named Executive Officers is set forth in the Outstanding Equity Awards at Fiscal Year-End table.

(2) See the All Other Compensation Table (and footnotes thereto) for details.

(3) Mr. Klausner resigned effective March 19, 2013.

(4) Mr. Almond resigned effective March 19, 2013.

(5) Dr. Johnson became an employee of the Company effective December 1, 2011. He resigned effective March 19, 2013.



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The following table sets forth additional detail regarding the amounts reported under the All Other Compensation column of the Summary Compensation Table, above.

**ALL OTHER COMPENSATION TABLE**

Name	Year	Life Insurance Premiums(\$)	Company Contributions to 401(k)(\$)	Other Perq and Personal Benefits (\$)	Total
<b>Ronald Klausner</b>	2012	6,155	5,237		11,392
	2011	6,155	4,900		11,055
	2010	6,156	4,900		11,056
<b>Bradley C. Almond</b>	2012	831	7,418		8,249
	2011	810	4,900		5,710
	2010	439	4,900		5,339
<b>Vernon Johnson</b>	2012	3,421	4,084	288	7,793
	2011	267			267
<b>John Campbell</b>	2012	2,492	7,500		9,992
	2011	2,492	4,900		7,392
	2010	1,916	4,900		6,816
<b>Todd Buchardt</b>	2012	2,005	7,500		9,505
	2011	2,005	4,900		6,905
	2010	2,005	4,900		6,905

**Grants of Plan-Based Awards**

The table below sets forth information regarding grants of plan-based awards to our Named Executive Officers under the Equity Compensation Plan and our annual performance bonus plan.

**GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards
<b>Ronald Klausner</b>	3/13/2012	\$ 112,786	\$ 375,952	\$ 751,905				
<b>Bradley C. Almond</b>	3/13/2012	37,500	125,000	250,000				
<b>Vernon Johnson</b>	3/13/2012	60,000	200,000	300,000				
<b>John Campbell</b>	3/13/2012	54,000	180,000	360,000				
<b>Todd W. Buchardt</b>	3/13/2012	45,000	150,000	300,000				



**Table of Contents****Equity Incentive Awards Outstanding at Fiscal Year End**

The following table lists the outstanding stock option awards held by our Named Executive Officers as of December 31, 2012. No awards of restricted stock have been granted to any of our Named Executive Officers as of December 31, 2012.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Number of Securities Underlying		Option Awards Equity Incentive Plan Awards: Number of Securities Underlying	Option Exercise Price	Option Expiration Date
	Unexercised Options (#) Exercisable	Unexercised Options (#) Unexercisable	Unexercised Unearned Options (#)	(\$)	
<b>Ronald Klausner</b>	430,826	131,674		4.50	12/8/2019
	143,609	43,891		6.50	12/8/2019
<b>Bradley C. Almond</b>	140,625	46,875		4.50	12/8/2019
	46,875	15,625		6.50	12/8/2019
<b>Vernon Johnson</b>	135,524	364,476		4.50	12/01/2021
<b>John Campbell</b>	168,750	56,250		4.50	12/8/2019
	56,250	18,750		6.50	12/8/2019
<b>Todd W. Buchardt</b>	98,438	32,812		4.50	1/27/2020
	32,812	10,938		6.50	1/27/2020

**Potential Payments Upon Termination or Change in Control***Potential Payments Upon Termination or Change in Control under Employment Agreements*

Certain of the Named Executive Officers' employment agreements provide for severance payments or other compensation upon the termination of the Named Executive Officer's employment or a change in control with respect to the Company or certain of its subsidiaries. See narrative description under the caption "Employment Arrangements" below for additional information.

*Estimated Payments Upon Termination or Change in Control*

The following table shows potential payments to the Company's Named Executive Officers under existing employment agreements, plans or arrangements in connection with a termination of employment or change in control with respect to the Company. The following table assumes a December 31, 2012 termination or change in control date, and uses the closing price of the Company's common stock on December 31, 2012 (\$1.11). The disclosed amounts are estimates only and do not necessarily reflect the actual amounts that would be paid to the Named Executive Officers. The actual amounts would only be known at the time they become due and would only be payable upon the termination of employment or change in control.

**Table of Contents****POTENTIAL PAYMENTS UPON TERMINATION AND/OR CHANGE OF CONTROL TABLE**

Name	Benefit	Non-Change of Control Termination w/o Cause or for Good Reason (\$)	Change of Control Termination w/o Cause or for Good Reason (\$)
<b>Ronald Klausner</b>	Severance(1)	537,075	537,075
	Annual Incentive(2)		
	Benefit Continuation(3)	15,985	15,985
	Total	553,060	553,060
<b>Bradley C. Almond</b>	Severance(1)	225,993	225,993
	Annual Incentive(2)	29,000	29,000
	Benefit Continuation(3)	16,691	16,691
	Total	271,684	271,684
<b>John Campbell</b>	Severance(1)	300,000	300,000
	Annual Incentive(2)	32,000	32,000
	Benefit Continuation(3)	15,984	15,984
	Total	347,984	347,984
<b>Todd W. Buchardt</b>	Severance(1)	300,000	300,000
	Annual Incentive(2)		
	Benefit Continuation(3)	25,036	25,036
	Total	325,036	325,036
<b>Vernon Johnson</b>	Severance(1)	400,000	400,000
	Annual Incentive(2)		
	Benefit Continuation(3)	12,564	12,564
	Total	412,564	412,564

(1) Severance is calculated pursuant to the individual's respective employment agreement as though the event occurred on December 31, 2012.

(2) These amounts assume that the effective date of termination is December 31, 2012, and that the pro-rata payment under the annual incentive is equal to the award paid for the year.

(3) The benefit continuation number is an estimate of the cost of health coverage continuation for the severance period applicable to the particular individual.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table provides certain information with respect to the Company's equity compensation plans in effect as of December 31, 2012:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding (\$) (In thousands, except per-share amounts)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)(1))
Equity compensation plans approved by security holders	3,758	4.89	1,140
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>3,758</b>	<b>4.89</b>	<b>1,140</b>

(1) Excludes securities reflected in the first column, Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights, and outstanding shares of restricted stock.

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### **Employment Arrangements**

The Company or its subsidiaries are parties to certain employment agreements or arrangements with the Named Executive Officers listed in the Summary Compensation Table. The following is a summary of the key terms of these employment arrangements with the Named Executive Officers.

#### ***Ronald Klausner***

Effective March 19, 2013, Mr. Klausner resigned as a director and Chief Executive Officer for the Company.

*Letter agreement.* Mr. Klausner is party to a letter agreement with Voyager, dated April 9, 2009, which agreement was amended on August 13, 2009 by an amendment dated as of August 7, 2009, to, among other things, assign the agreement to the Company at the effective time of the Mergers. We refer to this letter agreement, as amended, as the *Klausner Agreement*. The Klausner Agreement provides that Mr. Klausner will serve the Company as its Chief Executive Officer and for Mr. Klausner to be nominated for election to the Board for so long as he remains Chief Executive Officer of the Company.

*Salary; bonus.* The Klausner Agreement provides for an initial annual base salary of \$557,875; however, solely for purposes of calculating certain bonuses, severance payments and other benefit entitlements, the Klausner Agreement provides for an annual base salary of \$537,075, which lower amount we refer to as Mr. Klausner's base salary. The Klausner Agreement also provides for an annual bonus opportunity with a target payment of 70% of base salary and a maximum payment of 140% of base salary, subject to the attainment of pre-established performance goals.

*Payments in connection with the Mergers.* Pursuant to the Klausner Agreement, as Mr. Klausner was not terminated for cause or resigned other than for good reason on or before June 8, 2010, he received a 2009 Change in Control Bonus Payment in the amount of \$225,573 and a Change in Control Payment in the amount of \$805,612. In addition, as Mr. Klausner was not terminated for cause or resigned other than for good reason on or before December 8, 2010, he received a retention bonus in the amount of \$268,538.

*Employee benefits.* The Klausner Agreement also provides that Mr. Klausner may participate in the Company's employee benefit plans, executive compensation and executive perquisite arrangements. The Klausner Agreement also provides Mr. Klausner with indemnification with respect to certain golden parachute excise taxes under Section 4999 of the Internal Revenue Code.

*Severance benefits.* In the event Mr. Klausner's employment is terminated by the Company without cause, or if he resigns for good reason, he is entitled to certain severance benefits. If such an event occurs on or after January 1, 2011, he will receive (x) salary continuation payments for a period of one year, and (y) a *pro rata* bonus for the year in which such termination occurs, but determined based upon the Company's actual performance as compared to applicable performance targets and paid at the later of the effective date of a release of claims, and the date bonuses for such year are paid to other executives of the Company. In addition, upon such an event, Mr. Klausner would be eligible to receive continued medical, dental and vision benefits on terms similar to those applicable to active employees of the Company for a period of 18 months. As a precondition to his receipt of such benefits, Mr. Klausner is required to deliver a general release of claims to the Company.

*Equity compensation.* With respect to Mr. Klausner's stock appreciation rights, granted as of April 24, 2007, relating to 300,000 shares of Voyager common stock, at the effective time of the Mergers, (i) rights with respect to 200,000 shares were retained by Mr. Klausner and equitably adjusted and converted into rights relating to 200,000 shares of the Company's common stock, in accordance with the terms of the Merger Agreement, and (ii) rights with respect to 100,000 shares were terminated. These stock appreciation rights terminated as of April, 2012. In addition, Mr. Klausner was granted options to purchase 750,000 shares of the Company's common stock under the Equity Incentive Plan at the effective time of the Mergers. These stock options vest ratably daily over a four-year period, subject to earlier vesting upon a change of control of the Company. Seventy-five percent of these options have a per-share exercise price equal to \$4.50 and 25% of these options have an exercise price equal to \$6.50. Upon Mr. Klausner's resignation, other than for good reason, or upon his termination for cause, all of his vested and unvested option and equity awards will terminate.

*Restrictive covenants.* For a period of 24 months following Mr. Klausner's termination of employment, he is restricted from (i) soliciting, calling or contracting with certain customers of the Company or its subsidiaries,

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(ii) participating in the development or support of certain products which compete with, or can be used for the same purposes as, the products of the Company or its subsidiaries, (iii) being engaged by any entity that manufactures or sells products that compete with the products of the Company or its subsidiaries or (iv) soliciting employees of the Company or its subsidiaries.

### ***Vernon Johnson***

Effective March 19, 2013, Dr. Johnson resigned as a director and President of the Voyager/Sopris business for the Company

*Letter agreement.* Dr. Johnson is a party to a letter agreement with the Company dated November 20, 2011. We refer to this letter agreement as the *Johnson Agreement*. The Johnson Agreement provides that Dr. Johnson will serve the Company as its President of the Voyager business unit and for Dr. Johnson to serve as a director of the Company.

*Salary; bonus.* The Johnson Agreement provides for an initial annual base salary of \$400,000. The Johnson Agreement also provides for an annual bonus opportunity with a target payment of 50% of base salary and a maximum payment of 150% of target, subject to the attainment of pre-established performance goals.

*Employee benefits.* The Johnson Agreement also provides that Dr. Johnson may participate in the Company's employee benefit plans, executive compensation and executive perquisite arrangements.

*Severance benefits.* In the event Dr. Johnson's employment is terminated by the Company without cause, or if he resigns for good reason, he is entitled to certain severance benefits. These benefits are (x) salary continuation payments for a period of twelve months, and (y) continuation of health benefits at active employee rates for twelve months. As a precondition to his receipt of such benefits, Dr. Johnson is required to deliver a general release of claims to the Company.

*Equity compensation.* Dr. Johnson was granted options to purchase 500,000 shares of the Company's common stock under the Equity Incentive Plan. These stock options vest ratably daily over a four-year period, subject to earlier vesting upon a change of control of the Company. These options have a per-share exercise price equal to \$4.50. Upon Dr. Johnson's resignation, other than for good reason, or upon his termination for cause, all of his vested and unvested option awards will terminate.

*Restrictive covenants.* For a period of twelve months following Dr. Johnson's termination of employment, he is restricted from (i) soliciting, calling or contracting with certain customers of the Company or its subsidiaries, (ii) participating in the development or support of certain products which compete with, or can be used for the same purposes as, the products of the Company or its subsidiaries, (iii) being engaged by any entity that manufactures or sells products that compete with the products of the Company or its subsidiaries or (iv) soliciting employees of the Company or its subsidiaries.

### ***Bradley C. Almond***

Effective March 19, 2013, Mr. Almond resigned as the Chief Financial Officer of the Company.

*Employment Terms.* Mr. Almond is party to an employment terms letter with Voyager, dated June 19, 2009, to, among other things, provide for payments and other benefits in the following circumstances: (i) upon a change in control; (ii) in the event Mr. Almond is terminated by Voyager without cause; (iii) in the event Mr. Almond is terminated by Voyager with cause or (iv) in the event Mr. Almond decides to terminate his employment for good reason at any other time. We refer to this employment terms letter as the *Almond Agreement*.

*Acceleration of Long-Term Incentive Plan Awards.* The Almond Agreement provided for a cash Long Term Incentive Plan, or LTIP, award equal to \$100,000 paid on November 14, 2009 and \$45,000 paid on November 14, 2010.

*Change in Control LTIP Payment.* As a result of the Mergers, all outstanding LTIP payment awards accelerated and were paid to Mr. Almond as of the closing of the Mergers.

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**Regular Severance Benefits.** If Mr. Almond is terminated without cause or resigns for good reason at any time, he is entitled to (i) salary continuation in an amount equal to the sum of his then current base salary for 12 months; (ii) an amount equal to accrued but unused vacation days; and (iii) until the earlier of (x) 12 months from the date of termination or (y) the date on which Mr. Almond commences other employment which offers benefits substantially similar to, or better than, those provided by Voyager to its active employees, continuation in Voyager's medical, dental and vision plans.

**Change in Control Bonus Payment.** In connection with the Mergers, Mr. Almond was paid a change in control bonus on March 1, 2010 in the amount of \$200,000.

### ***John Campbell***

In connection with his appointment as Chief Executive Officer, the Company entered into an offer letter agreement (the *Campbell Agreement*) with Mr. Campbell confirming the terms of his at-will employment with the Company. Pursuant to the *Campbell Agreement*, the Company agreed to provide Mr. Campbell with an initial annual base salary of \$350,000. The *Campbell Agreement* also provides for an annual bonus opportunity with a target payment of \$250,000 (approximately 70% of base salary), subject to the attainment of annually established performance goals to be set each year by the compensation committee of the Board. In the event Mr. Campbell's employment is terminated by the Company without cause, he is entitled to certain severance benefits. These benefits are: (x) salary continuation payments for a period of twelve months; and (y) continuation of health benefits at active employee rates for twelve months. As a precondition to his receipt of such benefits, Mr. Campbell is required to deliver a general release of claims to the Company.

Mr. Campbell also agreed to enter into the Company's standard confidentiality and non-disclosure agreement, which contains provisions customary for agreements of this type. These include confidentiality, non-disparagement, non-competition, and non-solicitation provisions.

### ***Todd W. Buchardt***

**Employment Terms.** Mr. Buchardt is party to an employment terms letter with Voyager, dated July 13, 2006 which agreement was amended on May 8, 2009, to, among other things, provide for conditions regarding Mr. Buchardt's continued employment with Voyager and the compensation relating thereto. We refer to this employment letter as the *Buchardt Agreement*.

**Transition Period.** Pursuant to the terms of the *Buchardt Agreement*, Mr. Buchardt agrees to remain employed by Voyager from the date of the *Buchardt Agreement* until the earlier of: (i) the date of Mr. Buchardt's resignation or (ii) the date that in which Voyager terminates Mr. Buchardt's employment.

**Severance Benefits.** In the event Mr. Buchardt's employment is terminated by the Company without cause, or if he resigns for any reason, he is entitled to receive the following severance benefits: (i) a lump sum severance payment in an amount equal to 100% of his then current base salary; (ii) continuation in the Company's medical, dental and vision plans for a period of 18 months; and (iii) a gross-up payment to cover any taxes imposed on the continuation of benefits, if any, including the tax reimbursement itself.

**280G Payment.** If any golden parachute excise taxes are triggered by payments made by the Company to Mr. Buchardt, a gross-up payment will be paid to Mr. Buchardt to make him whole for any federal excise tax imposed on any change in control or severance payments or benefits received by Mr. Buchardt.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Overview**

The primary objectives of our compensation programs are:

that they be fair, objective and consistent across the employee population;

that compensation be directly and substantially linked to measurable corporate and individual performance; and





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that compensation remains competitive, so that we can attract, motivate, retain and reward the key employees whose knowledge, skills and performance are necessary for our success.

We seek to foster a culture where individual performance is aligned with organizational objectives. We evaluate and reward our executive officers based on the comparable market compensation for their respective positions in the Company and an evaluation of their contributions to the achievement of short- and long-term organizational goals. Executive compensation is reviewed annually, and adjustments are made to reflect performance-based factors and competitive conditions.

The goal of the Company's executive compensation program is to enhance the Company's long-term profitability and share value by retaining and, where necessary, attracting experienced and highly skilled management personnel. The Company's executive compensation program is designed to meet this goal by providing competitive levels of compensation that integrate pay with the Company's short-term and long-term performance goals, rewarding corporate performance and recognizing individual initiative and achievement.

### **Compensation Determinations; Controlled Company Status**

As noted elsewhere in this Proxy Statement, the Company is a controlled company as defined in NASDAQ Rule 5615(c)(2) because VSS-Cambium Holdings III, LLC holds more than 50% of the Company's voting power. As a controlled company, the Company among other things, is not required to have a compensation committee comprised solely of independent directors. Thus, compensation determinations have generally been made by our entire Board. On occasion, the Board has met with members of our management team, including Messrs. Klausner and Cappellucci, to obtain recommendations with respect to Company compensation programs, practices and packages for executives, other employees and directors.

On February 9, 2012, the Board created a Compensation Committee. The Compensation Committee was responsible for determining the 2012 base salaries for our Named Executive Officers. On March 13, 2012 the Compensation Committee determined the 2012 incentive compensation awards.

### **Compensation Components**

The Company's executive compensation program consists of two principal components: base salary and incentive compensation awards, which may be comprised of cash awards, equity awards or both. In addition, the Company provides limited perquisites and other compensation to the Named Executive Officers, which are described in greater detail below. While the compensation packages for each of the Named Executive Officers contains base salary, incentive compensation and perquisite components, the compensation package for each Named Executive Officer is uniquely designed to retain that Named Executive Officer and to compensate him for his individual performance and, where appropriate, for Company performance as well as to create incentive for future performance. The Board combines the elements of compensation for each of the Named Executive Officers in a manner it believes optimizes that Named Executive Officer's contribution to the Company. Our Named Executive Officers are also entitled to receive other customary employee benefits.

Our cash compensation goals for our Named Executive Officers are based upon the following principles:

Salary should be positioned to reflect each individual's experience, performance and potential;

A significant portion of cash compensation should be at risk; and

The amount of annual discretionary performance bonuses is based on growth of orders volume, compared with the prior year, and the adjusted EBITDA results.

#### ***Base Salary***

Base salaries are used to provide a fixed amount of compensation for an executive's work. Although often initially established in each Named Executive Officer's respective employment agreement, the salaries of Named Executive Officers are reviewed on an annual basis, as well as at the time of promotion or other change in responsibilities. Increases in base salary are based on an evaluation of the individual's performance and, once increased to an established specified rate, generally will not be reduced below that specified rate.



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In formulating base salary recommendations for the Company's executive officers for the following year, the Compensation Committee reviews each executive officer's current base salary, individual achievements and contributions, the Company's financial results, competitive market data, and the Compensation Committee's expectations for the executive officers for that particular year. The criteria used to establish financial performance targets include, among other things, EBITDA, revenue growth and unlevered free cash flow.

### ***Incentive Compensation Awards***

***Cash Incentive Awards.*** In addition to base salary compensation, the Company's Named Executive Officers also may be awarded cash bonuses for achieving certain performance levels. These bonuses are based on various quantitative and qualitative performance criteria and are designed to attract and retain qualified individuals and also to encourage them to meet the Company's desired performance goals. We have an annual discretionary performance bonus program for our Named Executive Officers and other personnel pursuant to which cash payments may be made based on the Company's performance in the applicable fiscal year. In March 2012, the Board set the annual target bonus levels as a percentage of base salary for the Named Executive Officers. Target bonuses are calculated based upon a matrix of growth in orders volume and adjusted EBITDA. For example, at 4% orders volume growth and 4% adjusted EBITDA growth, an individual would receive 100% of his or her target bonus. At 8.4% orders volume growth and 9% adjusted EBITDA growth, an individual would receive 150% of his or her target bonus.

In 2012, of the Named Executive Officers, only Mr. Campbell earned a target bonus of approximately 18%. Messrs. Klausner, Almond, Buchardt and Johnson received no target bonus. Mr. Almond did receive a bonus in 2012 for managing the completion of certain activities including implementation of sales reporting system, relocation and outsourcing of the Company's warehouse, and reducing the Company's facilities costs and expenses.

Payments under this bonus program are made annually.

***Equity Incentive Awards.*** The Company provides long-term executive compensation incentives that may be in the form of stock option awards, stock appreciation rights and/or restricted stock to more closely align the interests of management with the Company's stockholders. The Board believes that grants of stock option awards, stock appreciation rights and/or restricted stock are an effective means of advancing the long-term interests of the Company's stockholders by integrating executive compensation with the long-term value of the Company's common stock. Grants of equity incentive awards to the Company's Named Executive Officers are made pursuant to the Equity Incentive Plan. Stock options are granted under the Equity Incentive Plan at the prevailing market price on the date of grant and are valuable to the Named Executive Officers only if the Company's common stock appreciates. We believe that equity-based compensation promotes and encourages long-term successful performance by our Named Executive Officers that is aligned with the organization's goals and the generation of stockholder value.

Our equity compensation goals for our Named Executive Officers and other employees are based upon the following principles:

Stockholder and executive interests should be aligned;

Key and high-performing employees, who have a demonstrable impact on our performance and/or stockholder value, should be rewarded;

The program should be structured to provide meaningful retention incentives to participants;

The equity grants should reflect each individual's experience, performance and potential and the duties and responsibilities of his or her respective position; and

Actual awards should be tailored to reflect individual performance and attraction/retention goals.

The Board granted stock options to certain of the Company's Named Executive Officers effective as of December 8, 2009, in connection with completion of the Mergers (in the case of Messrs. Klausner, Almond and Campbell), on January 27, 2010 (in the case of Mr. Buchardt), and on December 1, 2011 to Dr. Johnson as the new president of the Voyager business. At the time these awards were granted, the unvested stock options of



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each of our Named Executive Officers had exercise prices that were higher than the then-current per-share price of our common stock. Each of these awards was issued for the purpose of retaining the individual recipient and increasing the value of the Company.

Except for Dr. Johnson's options that were granted in December 2011, each of the stock option awards described in the preceding paragraph has a vesting commencement date of December 8, 2009, a term of ten years. Dr. Johnson's option award has a vesting commencement date of December 1, 2011. Messrs. Klausner and Johnson options vest on a daily basis ratably over four years. Messrs. Almond, Buchardt and Campbell options vest in four equal annual installments commencing on December 8, 2010, subject to the option holder continuing to provide services to the Company through each such date.

Except for the grant of stock options awarded to Dr. Johnson, the Board did not grant any stock option awards, stock appreciation rights and/or restricted stock to the Named Executive Officers in fiscal years 2010, 2011 or 2012.

### ***Perquisites, Benefits and Other Compensation***

The Company provides limited perquisites to the Named Executive Officers, which may include life insurance and reimbursement of certain expenses. In addition, as part of the Company's overall compensation program, Named Executive Officers are entitled to certain other benefits, including 401(k) plan, health, dental and vision insurance, life insurance, short- and long-term disability insurance, and flexible spending accounts. Compensation paid to the Named Executive Officers with respect to perquisites or such other compensation is included in the "All Other Compensation" column of the Summary Compensation Table if required under applicable SEC rules.

The Board believes that these benefits are consistent with those offered by other companies and specifically with those companies with which we compete for employees.

In addition, certain of the Company's Named Executive Officers are also entitled to post-termination payments and/or payments in the event of a change-in-control of the Company. These benefits are discussed in more detail above under the captions "EXECUTIVE COMPENSATION Employment Arrangements" and "EXECUTIVE COMPENSATION Potential Payments Upon Termination or Change in Control."

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with the Company's management the Compensation Discussion and Analysis included in its Proxy Statement. Based on that review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Proxy Statement.

Submitted by the Compensation Committee of the Board:

Harold O. Levy Chairman of the Compensation Committee

David Bainbridge Compensation Committee Member

Neil Weiner Compensation Committee Member

## **ANNUAL REPORT**

We will provide, without charge, a copy of our 2012 Annual Report on Form 10-K, including the financial statements contained therein, as filed with the SEC, upon written request from any person or entity that was a holder of record, or who represents in good faith that such person or entity was a beneficial owner, of our common stock as of March 18, 2013. We will also furnish a requesting stockholder with any exhibit not contained in our 2012 Annual Report on Form 10-K upon specific request. Any such requests should be addressed to our Secretary at Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287.

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**HOUSEHOLDING OF PROXY MATERIALS**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single notice or set of proxy materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies.

Some banks, brokers and other nominees may be participating in the practice of householding, and will therefore send a single Notice or set of proxy materials to multiple stockholders sharing an address, unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or other nominee that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If at any time you no longer wish to participate in householding and would prefer to receive separate proxy solicitation materials, or if you are receiving multiple copies of the proxy solicitation materials and wish to receive only one, please notify your broker if your shares are held in a brokerage account or notify us if you are the record owner of your shares. You can notify us by sending a written request to the attention of our Secretary at Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287, or call us at (214) 932-9500. In addition, if you are a stockholder as of the Record Date, we will deliver a separate copy of the Notice or proxy materials to you if you contact us at the above address or telephone number.

**OTHER MATTERS**

We are not aware of any other business to be presented at the Annual Meeting. As of the date of this Proxy Statement, no stockholder had advised us of the intent to present any business at the Annual Meeting. Accordingly, the only business that our Board intends to present at the meeting is as set forth in this Proxy Statement.

If any other matter or matters are properly brought before the Annual Meeting, the proxies will use their discretion to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors,

Todd W. Buchardt

*Secretary and General Counsel*

Dallas, Texas

April 4, 2013

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Shareowner Services

P.O. Box 64945

St. Paul, MN

55164-0945

**COMPANY #**

**Vote by Internet, Telephone or Mail 24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named proxies to  
vote your shares in the same manner as if you marked,  
signed and returned your proxy card.

**INTERNET** [www.eproxy.com/abcd](http://www.eproxy.com/abcd)

Use the Internet to vote your proxy until 12:00 p.m. (CT) on May 14, 2013.

**PHONE 1-800-560-1965**

Use a touch-tone telephone to vote your proxy until 12:00 p.m. (CT) on May 14, 2013.

**MAIL** Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

**If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.**  
***TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW,***

***SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.***

**Ò Please detach here Ò**



**The Board of Directors Recommends a Vote FOR Proposals 1 and 2.**

1. Election of directors to serve for a three-year term expiring at the 2015 Annual Meeting of Stockholders, and until their respective successors have been duly elected and qualified:

“ Vote FOR “ Vote WITHHELD  
all nominees from all nominees  
(except as marked)

01 Thomas Kalinske 02 Harold O. Levy 03 Joe Walsh

**(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)**

2. Ratification of the appointment of Whitley Penn LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2013.

“ For “ Against “ Abstain

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR EACH PROPOSAL.**

Address Change? Mark box, sign, and indicate changes below: “

Date \_\_\_\_\_  
\_\_\_\_\_

Please keep signature(s) in the box.

Please sign exactly as your name(s) appears on this proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Entities should provide full entity name and title of authorized representative signing this proxy.

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**CAMBIUM LEARNING GROUP, INC.**

**2013 ANNUAL MEETING OF STOCKHOLDERS**

**Wednesday, May 15, 2013**

**8:30 a.m. (Central Time)**

**Offices of Cambium Learning Group, Inc.**

**17855 N. Dallas Parkway, Suite 400**

**Dallas, Texas 75287**

**Cambium Learning Group, Inc.**

**17855 N. Dallas Parkway, Suite 400**

**Dallas, Texas 75287**

**proxy**

**This proxy is solicited by the Board of Directors of Cambium Learning Group, Inc. for use at the 2013 Annual Meeting of Stockholders on May 15, 2013.**

The shares of stock you hold in your account or in a dividend reinvestment account will be voted as you specify on the reverse side.

**If no choice is specified, the proxy will be voted FOR Proposals 1 and 2 described on the reverse side.**

By signing the proxy, you revoke all prior proxies and appoint Todd W. Buchardt with full power of substitution, to vote your shares on the matters shown on the reverse side and any other matters which may come before the Annual Meeting, including any motion to adjourn the meeting, and any adjournments or postponements of the meeting.

*See reverse for voting instructions.*