

CAMBIUM LEARNING GROUP, INC.
Form DEF 14A
April 14, 2015
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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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.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Cambium Learning Group, Inc.

17855 Dallas Parkway, Suite 400

Dallas, Texas 75287

(888) 399-1995

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 27, 2015, at 8:00 a.m., Central Time, at the Company s offices located at 17855 Dallas Parkway, Suite 400, Dallas, Texas 75287.

At this year s meeting, you will be asked to vote on:

1. the election of directors, and
2. 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, 2015.

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

Executive Chairman of the Board

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CAMBIUM LEARNING GROUP, INC.

17855 Dallas Parkway, Suite 400

Dallas, Texas 75287

(888) 399-1995

NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 27, 2015

To the Stockholders of Cambium Learning Group, Inc.:

You are cordially invited to attend the 2015 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 Dallas Parkway, Suite 400, Dallas, Texas 75287, on May 27, 2015, at 8:00 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 directors to each serve for a one-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, 2015; and
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.

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 Dallas Parkway, Suite 400, Dallas, Texas 75287.

By Order of the Board of Directors,

J. Scott McWhorter

Secretary and Counsel

Dallas, Texas

April 14, 2015

YOUR VOTE IS IMPORTANT!

ALL STOCKHOLDERS OF RECORD AS OF MARCH 30, 2015, 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.

2015 Proxy Statement Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting.

GENERAL INFORMATION

(See pages 1 - 5)

Meeting: Annual Meeting of Stockholders

Date: Wednesday May 27, 2015

Time: 8:00 a.m., Central Time

Location: Cambium Learning Group, Inc.

17855 Dallas Parkway

Suite 400, Dallas, TX 75287

Record Date: March 30, 2015

Stock Symbol: ABCD

Exchange: NASDAQ

Common Stock Outstanding: 45.5 million shares

Registrar & Transfer Agent: Wells Fargo Shareowner Service

State of Incorporation: Delaware

Year of Incorporation: 2009

Public Company Since: 2009

Corporate Website: www.cambiumlearning.com

Investor Relations Website:

<http://www.investor.cambiumlearning.com>

Annual Report:

<http://www.investor.cambiumlearning.com>

CORPORATE GOVERNANCE

(See pages 8 - 12)

Director Nominees:

David F. Bainbridge

Walter G. Bumphus

John Campbell

Clifford K. Chiu

Carolyn Gettridge

Thomas Kalinske

Harold O. Levy

Jeffrey T. Stevenson

Joe Walsh

Director Term: 1 year

Director Election Standard: Plurality of votes cast

Standing Board Committees (Meetings in 2014)

Audit (7), Compensation (1),

Supermajority Voting Requirements: No

Corporate Governance Materials:

<http://www.investor.cambiumlearning.com>

OTHER ITEMS TO BE VOTED ON:

- i Ratification of Appointment of Whitley Penn LLP as Independent Registered Public Accounting Firm

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CAMBIUM LEARNING GROUP, INC.

17855 Dallas Parkway, Suite 400

Dallas, Texas 75287

(888) 399-1995

PROXY STATEMENT

FOR

2015 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 27, 2015

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 2015 Annual Meeting of Stockholders to be held on Wednesday, May 27, 2015, beginning at 8:00 a.m., Central Time, at our offices located at 17855 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, 2014, as filed with the U.S. Securities and Exchange Commission (the *SEC*) on March 17, 2015; and the term *Annual Meeting* means our 2015 Annual Meeting of Stockholders.

We are sending the Notice of Internet Availability of Proxy Materials (the *Notice*) and the proxy materials on or about April 14, 2015, to all stockholders of record at the close of business on March 30, 2015, the date fixed by the Board as the record date for the Annual Meeting (the *Record Date*).

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 30, 2015 or if you hold a valid proxy for the meeting. You should be prepared to present photo identification for admittance to the Annual Meeting.

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 30, 2015, such as your most recent brokerage 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 close of business on the Record Date, there were 45,487,385 shares of our common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote per share at the Annual Meeting.

What is a proxy?

A proxy is your legal designation of another person to vote the stock you own on your behalf. That other person is referred to as a proxy. Our board of directors has designated Scott McWhorter and Barbara Benson as proxies for the annual meeting. By completing and returning the enclosed proxy card, you are giving Mr. McWhorter and Ms. Benson the authority to vote your shares in the manner you indicate on your proxy card.

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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 22,743,693 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.

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.

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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 nine nominees will require the vote of the holders of a plurality of 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, 2015 (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 independent registered public accounting firm for the fiscal year 2015 by the Audit Committee of our Board of Directors. Abstentions will have the same effect as an AGAINST vote for this proposal. Broker non-votes will not have any effect on the 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 are a stockholder of record and 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, 2015, 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). If you are a street name holder or hold your shares with a broker and do not instruct your broker how to vote, your broker will vote your shares in its discretion on the proposal to ratify Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. Your broker does not have discretion to vote your uninstructed shares on the other proposal.

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 business to be acted upon at the meeting. If you grant a proxy, the persons named as proxy holder, Barbara Benson, our Chief Financial Officer, and Scott McWhorter, our 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 Director is not available as a candidate for director, the persons named as proxy holder 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 the proxy materials. In addition to providing these proxy materials, our directors and employees may also solicit proxies in person, by

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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.

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 our 2016 meeting of stockholders, expected to be held on or about May 26, 2016, the written proposal must be received by us no later than December 15, 2015. Director nominations and proposals for matters to be considered at our 2016 Annual Meeting of Stockholders 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 27, 2016, and no later than the close of business on February 26, 2016. Proposals and nominations should be directed to our Secretary at our principal executive offices at the address set forth on the cover of this Proxy Statement. Any 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 is received by us after February 26, 2016, and therefore is not eligible for inclusion in our proxy statement and form of proxy, then proxy holders will be allowed to use their discretionary voting authority on any such stockholder proposal if and 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

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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.
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 close of the Record Date (which is March 30, 2015), 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 18 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 and percentage of shares beneficially owned by each entity, person, director or executive officer 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 30, 2015 (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 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, we believe all persons named in the table has sole voting and disposition power with respect to all shares of common stock beneficially owned by them. The business address for those persons for which an address is not otherwise provided is c/o Cambium Learning Group, Inc., 17855 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)
5% Stockholders:		
VSS-Cambium Holdings III, LLC c/o Veronis Suhler Stevenson	32,334,595	71.1%
55 East 52 nd Street, 33 rd Floor		
New York, NY 10055		
Directors and Executive Officers:		
David F. Bainbridge c/o Veronis Suhler Stevenson	32,334,595(2)	71.1%
55 East 52 nd Street, 33 rd Floor		
New York, NY 10055		
Walter G. Bumphus	29,358	*
John Campbell	265,204(3)	*
Clifford K. Chiu	50,000	*
Carolyn Gettridge	59,772(4)	*
Thomas Kalinske	58,030	*
Harold O. Levy	18,030	*
George Logue	148,750(5)	*
Jeffrey T. Stevenson c/o Veronis Suhler Stevenson	32,334,595(2)	71.1%
55 East 52 nd Street, 33 rd Floor		
New York, NY 10055		
Joe Walsh		*
All directors and officers as a group (12 individuals)	33,086,239(6)	71.8%

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

- (1) Ownership percentages are based on 45,487,385 shares of our common stock outstanding as of March 30, 2015 (the Record Date for the Annual Meeting).
- (2) By virtue of their positions within Veronis Suhler Stevenson (VSS) and by virtue of VSS equity interest in VSS-Cambium Holdings III, LLC, Messrs. Stevenson and Bainbridge each may be deemed to share investment and voting control with respect to the 32,334,595 shares of our common stock owned by VSS-Cambium Holdings III, LLC.
- (3)

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This number includes options to purchase 262,500 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 30, 2015.

- (4) This number includes options to purchase 58,333 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 30, 2015.
- (5) This number includes options to purchase 148,750 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 30, 2015.
- (6) This number includes (i) options to purchase an aggregate of 592,083 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 30, 2015; and (ii) an aggregate of 32,334,595 shares of common stock that may be deemed to be beneficially owned by each of Messrs. Stevenson and Bainbridge.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and the beneficial owners of more than 10% of our common stock to file reports of ownership and 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 on our review of the copies of such reports furnished to us, or representations from certain reporting persons that no other reports were required, we believe that all applicable filing requirements were complied with during our fiscal year ending December 31, 2014.

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CORPORATE GOVERNANCE AND BOARD MATTERS

Board Structure

Our third amended and restated certificate of incorporation allows for the Board to set the number of directors between one and eleven, each to be elected annually for a term of one year. As of the date of this Proxy Statement, the Company's directors were David F. Bainbridge, Walter G. Bumphus, John Campbell, Clifford K. Chiu, Thomas Kalinske, Harold O. Levy, Jeffrey T. Stevenson, and Joe Walsh. Each of these directors' terms will expire at our 2015 Annual Meeting of Stockholders and each of these directors has been nominated for re-election to the Board.

Director Independence

Our Board has determined that each of Walter G. Bumphus, Clifford K. Chiu, Thomas Kalinske, and Harold O. Levy 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 Executive 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 VSS-Cambium Holdings III, LLC 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.

Committees of the Board

Overview. Our Board has two standing committees: the Audit Committee and the Compensation Committee. The Board may, from time to time, establish other committees to facilitate the management of the

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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 and Compensation Committees are described below.

Audit Committee. The current members of the Audit Committee are Thomas Kalinske (Chairman), Walter G. Bumphus, and Harold O. 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. Mr. Kalinske, by virtue of his financial and investment experience gained as CEO of Knowledge Universe, Sega of America, Matchbox, Inc. and Mattel and through serving on other boards of directors, has been designated as the Audit Committee financial expert within the meaning of rules and regulations of the SEC.

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. The information on our website is not a part of this Proxy Statement. During 2014, the Audit Committee held seven meetings and took action by written consent on one occasion. The report of the Audit Committee appears on page 13 of this Proxy Statement.

Compensation Committee. The Company is not required to have a Compensation Committee due to its status as a controlled company. Nevertheless, the Board created the Compensation Committee, which operates under a written charter, the primary purpose of which 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 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. Stevenson and Levy serve on the Compensation Committee, and Mr. Levy serves as the Chairman. Our Board of Directors has affirmatively determined that Mr. Levy meets the definition of "outside director" 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 is an independent Director under NASDAQ rules.

Although Mr. Stevenson 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 stockholders, and such individual does not serve longer than two years. The Board believes Mr. Stevenson's membership is in the best interests of the Company and the stockholders 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. Mr. Bainbridge served on the Compensation Committee prior to Mr. Stevenson and his tenure on the Compensation Committee was completed on March 11, 2014 at which time the Board appointed Mr. Stevenson.

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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