

CAMBIUM LEARNING GROUP, INC.

Form DEF 14A

April 08, 2014

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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.

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(3) Filing Party:

(4) Date Filed:

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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 21, 2014, 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

1. the election of two Class II directors,
2. an advisory vote on executive compensation,
3. an advisory vote on the frequency of advisory votes on executive compensation,
4. a resolution to adopt the Company s Third Amended and Restated Certificate of Incorporation to allow the Board of Directors of the Company to set the number of directors and to declassify the board, and
5. 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, 2014.

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 21, 2014

To the Stockholders of Cambium Learning Group, Inc.:

You are cordially invited to attend the 2014 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 21, 2014, 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 two Class II directors to each serve for a three-year term that expires at the 2017 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified.
2. To hold an advisory (non-binding) vote to approve the Company's executive compensation.
3. To hold an advisory (non-binding) vote on the frequency of future stockholder advisory votes to approve the Company's executive compensation.
4. To hold a vote on the Company's Third Amended and Restated Certificate of Incorporation to give the Board of Directors of the Company the authority to modify the number of directors and declassify the Board of Directors of the Company.
5. To ratify the appointment of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.
6. 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 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 8, 2014

YOUR VOTE IS IMPORTANT!

ALL STOCKHOLDERS OF RECORD AS OF MARCH 24, 2014, 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.

2014 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 - 6)

Meeting: Annual Meeting of Shareholders

Date: Wednesday May 21, 2014

Time: 8:30 a.m., Central

Location: Cambium Learning Group, Inc. 17855 N. Dallas Parkway

Suite 400, Dallas, TX 75287

Record Date: March 24, 2014

Stock Symbol: ABCD

Exchange: NASDAQ

Common Stock Outstanding: 44.9 million shares

Registrar & Transfer Agent: Wells Fargo

State of Incorporation: Delaware

Year of Incorporation: 2009

Public Company Since: 2009

Corporate Website: www.cambiumlearning.com

Investor Relations Website:

<http://cambiumlearning.investorroom.com>

Annual Report:

<http://cambiumlearning.investorroom.com/sec-filings>

CORPORATE GOVERNANCE

(See pages 8 - 12)

Director Nominees: 2

Walter Bumphus

David Bainbridge

Director Term: 3 years

Director Election Standard: Plurality of votes cast

Standing Board Committees (Meetings in 2013)

Audit (9), Compensation (2),

Supermajority Voting Requirements: No

Corporate Governance Materials:

<http://cambiumlearning.investorroom.com>

OTHER ITEMS TO BE VOTED ON:

- i Advisory Vote on Executive Compensation
- i Advisory Vote on the Frequency of Advisory Votes on Executive Compensation
- i Third Amended and Restated Certificate of Incorporation to allow the Board of Directors to set number of directors and to declassify the Board of Directors
- i Ratification of Appointment of Whitley Penn LLP as Independent Registered Public Accounting Firm

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CAMBIUM LEARNING GROUP, INC.

17855 N. Dallas Parkway, Suite 400

Dallas, Texas 75287

(214) 932-9500

PROXY STATEMENT

FOR

2014 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 21, 2014

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 2014 Annual Meeting of Stockholders to be held on Wednesday, May 21, 2014, 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, 2013, as filed with the U.S. Securities and Exchange Commission (the *SEC*) on March 6, 2014; and the term *Annual Meeting* means our 2014 Annual Meeting of Stockholders.

We are sending the Notice of Internet Availability of Proxy Materials on or about April 11, 2014, to all stockholders of record at the close of business on March 24, 2014, 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 24, 2014 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 24, 2014, 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.

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

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common stock representing at least 22,437,221 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.

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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 two 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.

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Approval, on an Advisory Basis, of Our Executive Compensation (Proposal 2). We sometimes refer to this proposal as *Say-on-Pay*. For the approval of our executive compensation, the affirmative FOR vote of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval, which will be on an advisory (non-binding) basis. You may vote FOR, AGAINST or ABSTAIN for this item of business. If you ABSTAIN, your abstention has the same effect as a vote AGAINST this proposal. Broker non-votes will not have any effect on the vote for this proposal.

Approval, on an Advisory Basis, of the Frequency of Future Stockholder Advisory Votes to Approve Our Executive Compensation (Proposal 3). We sometimes refer to this Proposal as *Say on Frequency*. Stockholders will be able to specify one of four choices for this Proposal on the proxy card: 3 YEARS, 2 YEARS, 1 YEAR or ABSTAIN. This advisory vote on the frequency of the vote on executive compensation requires the affirmative vote of a majority of the shares represented in person or by proxy and entitled to vote on the item. However, if none of the frequency options (1 year, 2 years or 3 years) receives the vote of a majority of the shares of common stock represented at the Annual Meeting and entitled to vote thereon, the frequency option receiving the greatest number of votes (that is, a plurality of votes cast) will be considered the frequency recommended by the Company's stockholders. In addition, pursuant to SEC rules, if a particular frequency option receives a majority of votes cast and we adopt that frequency, we may exclude from future proxy statements any stockholder proposal requesting that a different frequency be used. If you ABSTAIN, it will technically have the same effect as a vote AGAINST this proposal.

Approval of the Company's Third Amended and Restated Certificate of Incorporation Allowing the Board to Set the Number of Directors and to Declassify the Board (Proposal 4). This will remove the classes of Directors (i.e., Class I, Class II, Class III) and thus the entire Board of Directors will be elected annually. Additionally, the amendment will allow the Board to set the number of directors to be between one and eleven directors with the current number at seven directors. The affirmative vote of at least a majority of all shares of common stock outstanding is required to approve the proposed Third Amended and Restated Certificate of Incorporation. If you ABSTAIN, your abstention has the same effect as a vote AGAINST this proposal. Broker non-votes also have the same effect as a vote AGAINST this proposal.

Ratification of Whitley Penn LLP as our Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2014 (Proposal 5). 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 2014 by the

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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 an advisory vote on the compensation of our named executive officers as descended in this proxy statement, FOR an advisory vote on our executive compensation to be held every three years, FOR a resolution to adopt the Company s Third Amended and Restated Certificate of Incorporation to allow the Board of Directors of the Company to set the number of directors and to declassify the board, FOR the ratification of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014, 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 in December 31, 2014. Your broker does not have discretion to vote your uninstructed shares on the other proposals.

What happens if additional matters are presented at the meeting?

Other than the five 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 Todd 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 II Directors 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 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 2015, 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 22, 2015, and no later than the close of business on February 21, 2015. 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 21, 2015, 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.

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 24, 2014), by:

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

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each of our executive officers named in the Summary Compensation Table on page 22 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 24, 2014 (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. 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.

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)
<u>5% Stockholders</u>		
VSS-Cambium Holdings III LLC c/o Veronis Suhler Stevenson	32,339,477(2)	70.9%
55 East 52 nd Street, 33 rd Floor		
New York, NY 10055		
<u>Directors and Executive Officers</u>		
David Bainbridge c/o Veronis Suhler Stevenson	32,339,477(3)	70.9%
55 East 52 nd Street, 33 rd Floor		
New York, NY 10055		
Todd Buchardt	39,932(4)	*
Walter Bumphus	29,358	*
John Campbell	140,204(5)	*
Thomas Kalinske	48,030	*
Harold Levy	18,030	*
George Logue	83,750(6)	*
Jeffrey T. Stevenson	32,339,477(3)	70.9%

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c/o Veronis Suhler Stevenson

55 East 52nd Street, 33rd Floor

New York, NY 10055

Joe Walsh

*

All directors and officers as a group (12 individuals)

32,801,053(7)

71.3%

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- * Represents less than 1% of the outstanding shares of our common stock.
- (1) Ownership percentages are based on 44,874,440 shares of common stock of the Company outstanding as of March 24, 2014 (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. 3 to Schedule 13D with the SEC on December 11, 2013. According to the amended Schedule 13D, V-C Holdings III beneficially owned 32,339,477 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) 755,077 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.
- (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