CAMBIUM LEARNING GROUP, INC.
Form PREM14C
November 09, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the

Securities Exchange Act of 1934

Check the appropriate box:

Preliminary Information Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

Definitive Information Statement

CAMBIUM LEARNING GROUP, INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed below per Exchange Act Rules 14c-5(g) and 0-11.

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

Common Stock, par value $0.001 per share (Common Stock), of Cambium Learning Group, Inc. (Cambium).

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

47,300,262 shares of Common Stock.

(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):

Calculated solely for the purpose of determining the filing fee. The transaction value was determined based upon the sum of:

$685,853,799 (47,300,262 shares of Common Stock multiplied by $14.50 per share); and

$22,018,589 (Company Options, with an exercise price less than $14.50 per share, exercisable into 2,083,121 shares of Common Stock, multiplied by $10.57 per share (which is the difference between $14.50 and the weighted average exercise price of $3.93 per share of the Company Options).

In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying $0.0001212 by the proposed maximum aggregate value of the transaction of $707,872,388

(4) Proposed maximum aggregate value of transaction:

$707,872,388

(5) Total fee paid:

$85,795

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY COPY SUBJECT TO COMPLETION

CAMBIUM LEARNING GROUP, INC.

17855 Dallas Parkway, Suite 400

Dallas, Texas 75287

NOTICE OF WRITTEN CONSENT

AND

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED

NOT TO SEND US A PROXY.

To our Stockholders:

This notice of written consent and the accompanying information statement are being furnished to the holders of common stock, par value $0.001 per share (the Common Stock), of Cambium Learning Group, Inc., a Delaware corporation (the Company), in connection with the Agreement and Plan of Merger, dated as of October 12, 2018 (the Merger Agreement), by and among Campus Holding Corp., a Delaware Corporation (Parent), Campus Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub), and the Company, pursuant to which Merger Sub will merge with and into the Company with the Company surviving the merger as a wholly-owned subsidiary of Parent (the Merger). Parent is an affiliate of Veritas Capital Fund Management, L.L.C. and was formed specifically for the purpose of serving as the intended holding company for the Company upon completion of the Merger.

Pursuant to the Merger Agreement, upon completion of the Merger, each share of Common Stock (other than Cancelled Shares (as defined in the Merger Agreement) and Dissenting Shares (as defined in the Merger Agreement)) outstanding immediately prior to the effective time of the Merger (the Effective Time) will be converted into the right to receive a cash payment equal to $14.50 per share, without interest (the Merger Consideration).

The board of directors of the Company unanimously (i) determined that the terms and provisions of the Merger Agreement and the transaction contemplated thereby, including the Merger, are fair to, advisable and in the best interests of the Company and its stockholders, (ii) approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger, (iii) resolved to recommend to the stockholders of the Company that such holders adopt the Merger Agreement, and (iv) directed that the Merger Agreement be submitted to the holders of Common Stock, including the Cambium Majority Stockholder (as defined below), for adoption.

The adoption of the Merger Agreement by the Company s stockholders required the affirmative vote or written consent of the holders of at least a majority of the outstanding shares of Common Stock under applicable Delaware law and the Company s certificate of incorporation. As of October 12, 2018, there were 47,300,262 shares of our Common Stock outstanding and VSS-Cambium Holdings III, LLC (VSS-Cambium or the Cambium Majority Stockholder), which is wholly-owned by VSS-Cambium Holdco LLC and an affiliate of Veronis Suhler Stevenson LLC (VSS), owned 32,334,595 shares of Common Stock, or approximately 68.4% of the voting power of the outstanding shares of

capital stock of the Company entitled to vote on the adoption of the Merger Agreement on such date. On October 12, 2018, VSS-Cambium delivered a written consent adopting the Merger Agreement and authorizing the transactions contemplated thereby, including the Merger. As a result, no further action by any stockholder of the Company is required under applicable law, the Company s certificate of incorporation, the Listing Rules of the Nasdaq Stock Exchange or the Merger Agreement to adopt the Merger Agreement or to approve the Merger. The Company is not soliciting your vote for the adoption of the Merger Agreement or approval of the Merger and will not call a stockholders meeting for purposes of voting on the adoption of the Merger Agreement or approval of the Merger.

In addition, on May 17, 2018, as previously disclosed by the Company, the Company entered into a Stock Purchase Agreement (as amended from time to time, the VKidz Purchase Agreement) with Edcity Holding

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Inc., a Florida corporation (Edcity), VSS VKidZ LLC, a Delaware limited liability company (VSS-VKidZ and together with Edcity, the VKidz Sellers), VKidz Holdings Inc., a Delaware corporation (VKidz), and VSS-VKidZ, solely in its capacity as Representative (as defined in the VKidz Purchase Agreement), pursuant to which the Company agreed, on the terms and subject to the conditions stated therein, to acquire from the VKidz Sellers all of the issued and outstanding capital stock of VKidz (the VKidz Acquisition). VSS-VKidZ (the VKidz Majority Stockholder) holds 3,000,000 shares of VKidz common stock, comprising a majority of the outstanding shares of common stock of VKidz, and is an affiliate of VSS. The Vkidz Acquisition does not require the approval of the Company s stockholders under Delaware law, the Company s certificate of incorporation or the Listing Rules of the Nasdaq Stock Exchange. Immediately following the Effective Time, the Company will consummate the VKidz Acquisition.

Pursuant to Section 262 of the Delaware General Corporation Law (DGCL), if the Merger is completed, holders of shares of Common Stock, other than VSS-Cambium, and any other holder of Common Stock who has waived appraisal rights, will have the right to seek an appraisal for, and be paid the fair value of, their shares of Common Stock (as determined by the Court of Chancery of the State of Delaware) instead of receiving the Merger Consideration. To exercise your appraisal rights, you must submit a written demand for an appraisal no later than twenty (20) days after the mailing of the accompanying information statement, or , 2018, and comply precisely with the procedures set forth in Section 262 of the DGCL. The DGCL requirements for exercising appraisal rights are described in further detail in the accompanying information statement, and a copy of Section 262 of the DGCL regarding appraisal rights is reproduced in its entirety and attached as **Annex C** to the accompanying information statement. You are encouraged to read the full text of Section 262 attached as **Annex C**.

NOTICE IS HEREBY GIVEN pursuant to Section 228(e) and Section 262(d)(2) of the DGCL that the holders of a majority of the issued and outstanding shares of Common Stock adopted the Merger Agreement by written consent to an action without a meeting. Pursuant to Section 228(e) of the DGCL, this Notice is being mailed on or about , 2018 to the persons (other than VSS-Cambium), who were stockholders of the Company on October 12, 2018, the date that written consent signed by VSS-Cambium, holding approximately 68.4% of the outstanding shares of Common Stock, to adopt the Merger Agreement was delivered to the Company. This Notice of Stockholder Action by Written Consent affords the notice to stockholders (other than VSS-Cambium) required by Section 228(e) of the DGCL. In addition, pursuant to Section 262(d)(2) of the DGCL, this Notice is being sent to all stockholders of record of the Company as of the close of business on , 2018 who are entitled to appraisal rights. This Notice constitutes the notice required by Section 262(d)(2) of the DGCL and a copy of Section 262 of the DGCL is attached as Annex C to the accompanying information statement.

We urge you to read the entire accompanying information statement and the annexes thereto carefully. Please do not send in your stock certificates at this time. If the Merger is completed, you will receive instructions regarding surrender of your certificate or certificates, if any, or book-entry shares in exchange for the Merger Consideration to which you are entitled under the Merger Agreement.

BY ORDER OF THE BOARD OF
DIRECTORS,

John Campbell, Chief Executive Officer

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Merger, passed upon the merits or fairness of the Merger or passed upon the adequacy or accuracy of the disclosures in this notice or the accompanying information statement. Any representation to the contrary is a criminal offense.

This information statement is dated , 2018 and is first being mailed to stockholders on or about , 2018.

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SUMMARY

The following summary highlights selected information from this information statement and may not contain all of the information that is important to you. Accordingly, we encourage you to read carefully this entire information statement, its annexes and the documents referred to, or incorporated by reference in this information statement. Each item in this summary includes a page reference directing you to a more complete description of that item in this information statement. You may obtain the information incorporated by reference into this information statement by following the instructions under Where You Can Find Additional Information beginning on page 81.

Summary of the Merger

All references in this information statement to Company, we, our and us refer to Cambium Learning Group, Inc. A references to Parent refer to Campus Holding Corp., a Delaware corporation and all references to Merger Sub refer to Campus Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent. We refer to VKidz Holdings Inc. as VKidz. We refer to Veronis Suhler Stevenson LLC as VSS , we refer to VSS-Cambium Holdco LLC as VSS-Cambium Holdco and we refer to VSS-Cambium Holdings III, LLC as VSS-Cambium or the Cambium Majority Stockholder, and we refer to VSS VKidZ LLC as VSS-VKidZ or the VKidz Majority Stockholder. In this information statement, all references to the Merger Agreement refer to the Agreement and Plan of Merger, dated as of October 12, 2018, by and among Parent, Merger Sub and the Company, a copy of which is attached as **Annex A** to this information statement and incorporated by reference herein. All references to the Merger refer to the merger of Merger Sub with and into the Company, with the Company surviving as a wholly-owned subsidiary of Parent, as contemplated by the Merger Agreement. We refer to the Company s board of directors as the Board.

The Parties to the Merger Agreement (page 18)

The Company. The Company is a Delaware corporation that is an award-winning educational technology solutions leader dedicated to helping all students reach their full potential through individualized and differentiated instruction. Using a research-based, personalized approach, the Company delivers software as a service (SaaS) resources and instructional products that engage students and support teachers in fun, positive, safe and scalable environments. The Company s principal executive offices are located at 17855 Dallas Parkway, Suite 400, Dallas, Texas 75287, and its telephone number is (888) 399-1995. The Company s website is *www.cambiumlearning.com*. Shares of our common stock, par value $0.001 per share (the Common Stock) are traded on the Nasdaq Capital Market (Nasdaq) under the symbol ABCD. Additional information about the Company is included in the documents incorporated by reference into this information statement. See the section entitled Where You Can Find Additional Information beginning on page 81.

Parent. Parent is a Delaware corporation and an affiliate of Veritas Capital Fund Management, L.L.C. (Veritas). Parent was formed specifically for the purpose of serving as the holding company for the Company upon completion of the Merger and has not carried on any activities to date, except for activities incidental to its formation, activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement. Parent s principal executive offices are located at c/o Veritas Capital Fund Management, L.L.C., 9 West 57th Street, 29th Floor, New York, New York 10019, and its telephone number is (212) 415-6700.

Merger Sub. Merger Sub is a Delaware corporation that was formed by Parent solely for the purpose of completing the Merger with the Company. Merger Sub is a wholly-owned subsidiary of Parent and has not engaged in any business to date, except for activities incidental to its incorporation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement. Merger Sub s principal executive offices are located at c/o Veritas Capital Fund Management, L.L.C., 9 West 57th Street, 29th Floor, New York, New York

10019, and its telephone number is (212) 415-6700.

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The Merger (page 19)

On October 12, 2018, the Company entered into the Merger Agreement with Parent and Merger Sub. Upon the terms and subject to the conditions of the Merger Agreement, upon consummation of the Merger, Merger Sub will merge with and into the Company, with the Company surviving as a wholly-owned subsidiary of Parent.

Upon consummation of the Merger, each share of Common Stock (other than Cancelled Shares (as defined in the Merger Agreement) and Dissenting Shares (as defined in the Merger Agreement)) of the Company outstanding immediately prior to the effective time of the Merger (the Effective Time) will be converted into the right to receive a cash payment equal to $14.50, without interest (the Merger Consideration).

We encourage you to read the Merger Agreement, which is attached as **Annex A** to this information statement, because it is the legal document that governs the Merger and affects your rights as a stockholder of the Company.

Reasons for the Merger (page 27)

After consideration of various factors as discussed under The Merger Reasons for the Merger beginning on page 27, and consultation with the Company s independent legal and financial advisors, the Board unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement were fair to and in the best interests of the Company and its stockholders.

For a discussion of the material factors considered by the Board in reaching its determination, see The Merger Reasons for the Merger beginning on page 27.

Required Stockholder Approval for the Merger

The adoption of the Merger Agreement by the Company s stockholders requires, under applicable Delaware law and our certificate of incorporation, the affirmative vote or written consent of the holders of at least a majority of the outstanding shares of Common Stock.

As of October 12, 2018, there were 47,300,262 shares of our Common Stock outstanding and VSS-Cambium, which is wholly-owned by VSS-Cambium Holdco and an affiliate of VSS, owned 32,334,595 shares of Common Stock, or approximately 68.4% of the voting power of the outstanding shares of capital stock of the Company entitled to vote on the adoption of the Merger Agreement on such date.

On such date, VSS-Cambium delivered a written consent adopting the Merger Agreement and authorizing the transactions contemplated thereby, including the Merger (the Stockholder Written Consent).

As a result of delivery of the Stockholder Written Consent, no further action by any stockholder of the Company is required under applicable law, our certificate of incorporation, the Listing Rules of the Nasdaq Stock Exchange or the Merger Agreement to adopt the Merger Agreement or approve the Merger. Consequently, the Company is not soliciting your vote for the adoption of the Merger Agreement or approval of the Merger and will not call a stockholders meeting for purposes of voting on the adoption of the Merger Agreement or approval of the Merger.

No action by the equity holders of Parent is required to complete the Merger.

When actions are taken by written consent of less than all of the stockholders entitled to vote on such actions, Delaware law requires delivery of notice of the actions to those stockholders of record who did not

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consent in writing and who, if the actions had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that sufficient written consents were delivered to the corporation. This information statement constitutes notice to you of action by written consent as required by Delaware law.

Opinion of the Company s Financial Advisor (page 30 and Annex B)

On October 12, 2018, the Company s financial advisor, Macquarie Capital (USA) Inc. (which we refer to as Macquarie), rendered its oral opinion to the Board (which was subsequently confirmed in writing by the delivery of Macquarie s written opinion addressed to the Board dated the same date) as to, as of October 12, 2018, the fairness, from a financial point of view, to the holders of our Common Stock, other than the Excluded Holders (as defined below), of the Merger Consideration to be received by such stockholders in the Merger, pursuant to the Merger Agreement after giving effect to but without addressing the VKidz Acquisition (as defined below). For purposes of Macquarie s analyses and opinion, the term Excluded Holders was defined as the sellers of VKidz together with the other persons identified as Specified Stockholders in the Merger Agreement; the Specified Stockholders are holders of options to purchase shares of VKidz capital stock.

Macquarie s opinion was directed to the Board (in its capacity as such), and only addressed the fairness, from a financial point of view, to the holders of our Common Stock, other than the Excluded Holders, of the Merger Consideration to be received by such stockholders in the Merger pursuant to the Merger Agreement after giving effect to but without addressing the Vkidz Acquisition (as defined below) and did not address any other aspect or implication of the Merger. The summary of Macquarie s opinion in this information statement is qualified in its entirety by reference to the full text of its written opinion, which is included as **Annex B** to this information statement, and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Macquarie in preparing its opinion. However, neither Macquarie s written opinion nor the summary of its opinion and the related analyses set forth in this information statement are intended to be, and they do not constitute, a recommendation to any holder of our Common Stock as to how such stockholder should vote (if such stockholder was requested to vote) or act on any matter relating to the Merger.

Financing (page 36)

Parent has obtained debt financing commitments for (i) the transaction contemplated by the Merger Agreement, the proceeds of which will be used in part by Parent to pay the aggregate Merger Consideration and all related fees and expenses (the Transactions) and (ii) specified other transactions.

Royal Bank of Canada (Royal Bank), RBC Capital Markets (RBCCM), Deutsche Bank AG New York Branch (DBNY), Deutsche Bank Securities Inc. (DBSI and, together with DBNY and such of its and DBSI s branches or affiliates as they deem appropriate, DB), Barclays Bank PLC (Barclays), Bank of Montreal (BMO), BMO Capital Markets Corp. (BMOCM,), Chain Bridge Opportunistic Funding, LLC (Chain Bridge and, together with Royal Bank, DB, Barclays and BMO, the Commitment Parties), committed to provide a $320 million first lien secured term loan facility, a $50 million senior secured revolving credit facility, and a $130 million second lien secured term loan facility, of which an amount to be agreed to in the definitive documentation will be available on the closing date to finance the Transactions contemplated by the Merger Agreement on the terms and subject to the conditions set forth in an amended and restated debt commitment letter dated October 24, 2018 (which we refer to as the Debt Commitment Letter), between the Commitment Parties and Parent and Merger Sub. RBCM, DBSI, Barclays and BMOC will act as the lead arrangers and book manager for the first lien secured term loan facility and the second lien secured term loan facility (in such capacities, collectively, the Lead Arrangers). Royal Bank (or an affiliate, designee or sub-agent thereof) will act as administrative agent for the first lien secured facilities and the second lien secured term loan

facility (in

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such capacities, the Administrative Agent). The obligation of the Commitment Parties to provide the debt financing under the Debt Commitment Letter is subject to certain customary conditions.

Parent has entered into an equity commitment letter (the Equity Commitment Letter) with The Veritas Capital Fund VI, L.P. (the Equity Investor), dated October 12, 2018, pursuant to which the Equity Investor has agreed to provide committed equity financing of no less than $431,000,000 to Parent as a source of a portion of the funds required to consummate the transactions contemplated by the Merger Agreement. The obligations of the Equity Investor to provide the equity financing on the terms outlined in the Equity Commitment Letter are subject to certain customary conditions.

A more detailed description of the financing is provided in The Merger Financing beginning on page 36.

The obligations of Parent and Merger Sub to complete the Merger under the Merger Agreement are not subject to any financing condition.

The Merger Agreement (page 50 and Annex A)

When the Merger Becomes Effective (page 50)

We expect to complete the Merger by the end of the fourth quarter of 2018 or in the first quarter of 2019. However, the Merger is subject to customary conditions and it is possible that factors outside the control of the parties could result in the Merger being completed at a later time, or not at all.

Conditions to Completion of the Merger (page 66)

The obligation of each of the Company, Parent and Merger Sub to consummate the Merger is subject to the satisfaction or, to the extent permitted by applicable law, waiver of the following conditions:

- the affirmative written consent of the holder(s) of a majority of the outstanding Common Stock in favor of adoption of the Merger Agreement, which consent was delivered to the Company and Parent on October 12, 2018, as described above, thereby satisfying this condition;

- the delivery to the Company s stockholders of this information statement at least twenty (20) calendar days prior to the closing of the Merger, and the consummation of the Merger being permitted by Regulation 14C of the Securities Exchange Act of 1934, as amended (the Exchange Act);

- the absence of any law, order of law, injunction, judgment or ruling by any court of competent jurisdiction or governmental entity that would enjoin, prohibit, restrain or, make illegal, enjoin or otherwise prohibit the consummation of the Merger;

- the absence of any action or proceeding by any governmental entity challenging or seeking to make illegal, to delay materially or otherwise restrain or prohibit the consummation of the Merger; and

the expiration or termination of all waiting periods applicable to the Merger under the HSR Act (as defined below), which applicable waiting period was terminated on November 2, 2018.

In addition, the obligation of each of Parent and Merger Sub to consummate the Merger is subject to the satisfaction or, to the extent permitted by applicable law, waiver of the following conditions:

the accuracy of the representations and warranties of the Company (in certain cases, subject to materiality, material adverse effect and other qualifications specified in the Merger Agreement);

the Company s performance of and compliance with its obligations and covenants under the Merger Agreement in all material respects;

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delivery by the Company of an officer s certificate certifying that each of the conditions listed in the first and second bullet points immediately above has been satisfied;

delivery by the Company of a certificate under Section 1445 of the Internal Revenue Code of 1986, as amended (the Code);

the termination of certain agreements between the Company and the Cambium Majority Stockholder, and VKidz and the VKidz Majority Stockholder;

the consummation of the VKidz Acquisition (which condition the parties have confirmed will be satisfied upon the occurrence of certain events prior to the Effective Time of the Merger related to the consummation of the VKidz Acquisition immediately after the Effective Time of the Merger); and

since October 12, 2018, there shall not have occurred a material adverse effect with respect to the Company and its subsidiaries, taken as a whole.

In addition, the obligation of the Company to consummate the Merger is subject to the satisfaction or, to the extent permitted by applicable law, waiver of the following conditions:

the accuracy of the representations and warranties of Parent and Merger Sub in the Merger Agreement, subject to material adverse effect qualifications specified in the Merger Agreement;

each of Parent s and Merger Sub s performance of and compliance with their obligations and covenants under the Merger Agreement in all material respects; and

delivery by Parent and Merger Sub of an officer s certificate certifying that each of the conditions listed in the first and second bullet points immediately above has been satisfied.

No Solicitation (page 58)

Following the execution of the Merger Agreement, except as permitted by the Merger Agreement, the Company and its subsidiaries, and their respective representatives are not permitted to solicit alternative acquisition proposals from third parties, including by:

soliciting, initiating or knowingly encouraging or knowingly facilitating any inquiry, proposal or offer regarding the making of any proposal or offer that constitutes a Company Takeover Proposal (as defined on page 59);

engaging in, continuing or otherwise participating in any discussions or negotiations regarding, or furnishing to any other person any non-public information for the purposes of encouraging or facilitating any inquiry, proposal

or offer that constitutes a Company Takeover Proposal; and

approving, endorsing, recommending or entering into, or publically proposing to approve, endorse, recommend or enter into any Company Takeover Proposal.

Under the terms of the Merger Agreement, the Company has agreed to immediately (1) cease and cause to be terminated any negotiations with any persons (other than Parent and Merger Sub and their representatives) that may be ongoing with respect to a Company Takeover Proposal and (2) cease providing any information to any such person or its representatives and terminate all access granted to any such person and its representatives to any physical or electronic data room, in each case with respect a Company Takeover Proposal.

As a result of the execution and delivery of the Stockholder Written Consent on October 12, 2018, the requisite stockholder approval has been obtained; therefore, the Board has no ability to change its recommendation, and the Company is prohibited from responding to unsolicited proposals and terminating the Merger Agreement to accept a superior proposal.

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Termination (page 67)

The Merger Agreement may be terminated before the completion of the Merger in certain circumstances. See The Merger Agreement Termination beginning on page 67.

As a result of the execution and delivery of the Stockholder Written Consent on October 12, 2018, the requisite stockholder approval has been obtained; therefore, the Company is prohibited from terminating the Merger Agreement to accept a superior proposal.

Termination Fee (page 68)

The Merger Agreement provides that the Company will pay Parent a termination fee in an amount of $22 million and Parent will pay the Company a termination fee in an amount of $57 million, as applicable, in certain situations. Additionally, the Company will reimburse Parent s expenses up to a maximum of $4 million in specified circumstances. For more information about the circumstances in which the Company or Parent must pay a termination fee and/or expense reimbursement, see The Merger Agreement Termination Fee beginning on page 68.

Remedies (page 71)

Subject to the limitations described in The Merger Agreement Limitations on Remedies (page 70), the parties are entitled to an injunction, specific performance and other equitable relief to prevent breaches of the Merger Agreement and to enforce specifically the terms of the Merger Agreement, in addition to any other remedy to which they are entitled at law or in equity, unless they are able under the circumstances to elect to, and do elect to, pursue payment of the termination fee and, if applicable, expense reimbursement.

Regulatory and Other Governmental Approvals (page 63)

Under the Merger Agreement, the Merger cannot be completed until the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), expires or has been terminated. The Company and Parent and its affiliates originally filed their respective HSR Act notifications on October 26, 2018, and on November 2, 2018, the Company and Parent received early termination of the waiting period under the HSR Act in connection with the Merger. Except as have been obtained, there are no other federal or state regulatory requirements or approvals that must be complied with or obtained that are conditions to the consummation of the Merger.

Interests of Our Directors and Officers and Certain Stockholders in the Merger (page 39)

You should be aware that the Company s directors and executive officers and certain stockholders may be deemed to have interests in the Merger that may be different from or in addition to the interests of the Company s stockholders generally, and that may present actual or potential conflicts of interest. These interests include, among others:

- VSS and related affiliates are entitled to certain fees, plus reimbursement and expenses, in connection with the Merger and the VKidz Acquisition, payable by the Company and VKidz, respectively, in an aggregate amount equal to approximately $7,876,000, subject to adjustment. Certain of our Board members are affiliated with VSS (Messrs. Jeffrey T. Stevenson and David F. Bainbridge);

VSS-VKidZ, an affiliate of VSS, is the VKidz Majority Stockholder and holds 3,000,000 shares of VKidz common stock and, in connection with the consummation of the VKidz Acquisition, is entitled to receive cash consideration in an aggregate amount of approximately $46,519,800, subject to adjustment as set forth in the VKidz Purchase Agreement (as defined below) and plus repayment of certain debt obligations;

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On April 30, 2013, the Company entered into an employment agreement with Joe Walsh, to serve as our Executive Chairman of the Board. For his services as Executive Chairman of the Board, on June 17, 2013, Mr. Walsh was granted certain profits interests in VSS-Cambium Holdco, the Parent of the Cambium Majority Stockholder, that would entitle him to a portion of the realized return on the investment in the Company made by VSS-affiliated funds equal to approximately $11,370,000, payable in connection with the consummation of the Merger. Mr. Walsh is no longer an employee of the Company, but remains Chairman of the Board; and

continued indemnification and insurance coverage for our current and former directors and officers for six (6) years following the Effective Time of the Merger.

These interests are discussed in more detail in The Merger Interests of our Directors and Officers and Certain Stockholders in the Merger beginning on page 39. The Board was aware of these interests and considered that such interests may be different from or in addition to the interests of the Company s stockholders generally, among other matters, in making its determination and recommendation in connection with the Merger Agreement and the transactions contemplated thereby, including the Merger.

Material U.S. Federal Income Tax Consequences of the Merger to Holders of Common Stock (page 46)

The exchange of shares of Common Stock for cash in the Merger will be a taxable transaction to U.S. holders for U.S. federal income tax purposes. In general, a U.S. holder whose shares of Common Stock are converted into the right to receive cash in the Merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any required withholding taxes) and its adjusted tax basis in such shares. Backup withholding may also apply to the cash payments made pursuant to the Merger unless the U.S. holder or other payee provides a taxpayer identification number, certifies that such number is correct and otherwise complies with the backup withholding rules. With certain exceptions, payments made to a non-U.S. holder with respect to shares of Common Stock exchanged for cash pursuant to the Merger will generally be exempt from U.S. federal income tax. A non-U.S. holder may, however, be subject to backup withholding with respect to the cash payments made pursuant to the Merger, unless the holder certifies that it is not a United States person or otherwise establishes a valid exemption from backup withholding tax. See Material U.S. Federal Income Tax Consequences of the Merger to Holders of Common Stock beginning on page 46 for definitions of U.S. holder and non-U.S. holder and for a more detailed discussion of the U.S. federal income tax consequences of the Merger. Tax matters can be complicated, and the tax consequences of the Merger to you will depend on your particular tax situation. The Company urges you to consult your tax advisor on how specific tax consequences of the Merger apply to you in light of your own particular circumstances, including U.S. federal estate, gift and other non-income tax consequences, and tax consequences under state, local or foreign tax laws.

Holders of shares of Common Stock are urged to consult their tax advisors about the

United States federal, state, local and foreign tax consequences of the Merger.

Treatment of the Company s Outstanding Options to Purchase Common Stock (page 51)

Each compensatory option to purchase shares of Common Stock (Company Options), whether vested or unvested, at the Effective Time of the Merger, will be cancelled without any action required on the part of the holder in consideration for the right to receive a cash payment equal to the product of (a) the number of shares of Common Stock subject to such Company Options immediately prior to the Effective Time and (b) the excess, if any, of the Merger Consideration over the exercise price per share of Common Stock subject to such Company Option. The Board has unanimously resolved that all unvested Company Options outstanding immediately prior to the Effective

Time will accelerate at the Effective Time.

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Market Price of Our Common Stock (page 72)

The Common Stock is quoted and traded on Nasdaq under the trading symbol ABCD. The closing sale price of the Common Stock on October 12, 2018, which was the last trading day prior to the announcement of the Merger Agreement, was $12.07 per share. The closing sale price of our Common Stock on , 2018, which is the most recent practicable date before this information statement was mailed to our stockholders, was $ per share.

Appraisal Rights (page 73)

If the Merger is completed, holders of Common Stock, other than VSS-Cambium, and any other holder of Common Stock who has waived appraisal rights, may elect to pursue their appraisal rights under the Delaware General Corporation Law (DGCL) to receive, in lieu of the Merger Consideration, the fair value of their shares, as determined by the Court of Chancery of the State of Delaware, but only if such holders comply with the procedures set forth in Sections 262 of the DGCL. To exercise these rights, you must make a written demand for appraisal on or prior to , 2018, which is the date that is 20 days following the mailing of this information statement, and otherwise comply precisely with the procedures set forth in Section 262 of the DGCL for exercising appraisal rights. For a summary of these procedures, see Appraisal Rights beginning on page 73. A copy of Section 262 of the DGCL is reproduced in its entirety and included as **Annex C** to this information statement. Failure to follow the procedures set forth in Section 262 of the DGCL will result in the loss of appraisal rights.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to briefly address some questions you may have regarding the Merger Agreement and the Merger. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this information statement, the annexes to this information statement and the documents referred to or incorporated by reference in this information statement, each of which you should read carefully. You may obtain information incorporated by reference in this information statement without charge by following the instructions under Where You Can Find Additional Information beginning on page 81.

Q: What is the proposed transaction and what effects will it have on the Company?

A: The proposed transaction is the acquisition of the Company by an affiliate of Veritas. Upon the terms and subject to satisfaction or waiver of the conditions under the Merger Agreement, Merger Sub, a wholly-owned subsidiary of Parent, which itself is an affiliate of Veritas, will merge with and into the Company, with the Company surviving the Merger as a wholly-owned subsidiary of Parent and an affiliate of Veritas. In addition, as previously disclosed, the Company entered into a Stock Purchase Agreement (as amended from time to time, the VKidz Purchase Agreement) with Edcity Holding Inc., a Florida corporation (Edcity), VSS VKidZ LLC (VSS VKidZ , and together with Edcity, the VKidz Sellers), VKidz, and VSS-VKidZ, solely in its capacity as Representative (as defined in the VKidz Purchase Agreement), pursuant to which the Company agreed, on the terms and subject to the conditions stated therein, to acquire from the VKidz Sellers all of the issued and outstanding capital stock of VKidz (the VKidz Acquisition). The Company will consummate the VKidz Acquisition immediately after the Effective Time.

Q: What will I be entitled to receive in the Merger?

A: If the Merger is completed, your shares of Common Stock that are outstanding immediately prior to the Effective Time will be automatically converted into the right to receive a cash payment equal to $14.50 per share, without interest. You will not be entitled to receive shares of the surviving corporation or of Parent or any of their respective affiliates.

Q: What will option holders receive in the Merger?

A: If the Merger is completed, each Company Option, whether vested or unvested, that is outstanding and unexercised immediately prior to the Effective Time will be cancelled by virtue of the Merger without any action required on the part of the holder in consideration for the right to receive a cash payment equal to the product of (a) the number of shares of Common Stock subject to such Company Options immediately prior to the Effective Time and (b) the excess, if any, of the Merger Consideration over the exercise price per share of Common Stock subject to such Company Option. If the exercise price of a Company Option is more than or equal to $14.50, then no consideration will be paid for that Company Option, and it will be cancelled in the Merger.

Q: When do you expect the Merger to be completed?

A: We are working to complete the Merger as soon as possible. We currently expect to complete the Merger promptly after all of the conditions to the Merger have been satisfied or waived. Completion of the Merger is expected to occur either in the fourth quarter of 2018 or the first quarter of 2019. However, the Merger is subject to various closing conditions and it is possible that the failure to promptly meet these closing conditions or other factors outside of the Company s control could require the Company to complete the Merger at a later time or not at all.

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Q: What happens if the Merger is not completed?

A: If the Merger is not completed for any reason, the holders of our Common Stock will not receive any payment for their shares in connection with the Merger and your shares will not be canceled. Instead, our Common Stock will remain outstanding and continue to be quoted and traded on Nasdaq. Under specified circumstances, the Company may be required to pay Parent a termination fee of approximately $22 million, plus up to $4 million of expense reimbursement, or Parent may be required to pay the Company a termination fee of approximately $57 million. See The Merger Agreement Termination Fee beginning on page 68.

Q: What happens if a third party makes an offer to acquire the Company before the Merger is completed?

A: As a result of the execution and delivery of the Stockholder Written Consent on October 12, 2018, the requisite stockholder approval has been obtained, and the Company has no further ability to negotiate unsolicited alternative acquisition proposals or to terminate the Merger Agreement to enter into a superior proposal. See The Merger Agreement No Solicitation beginning on page 58.

Q: Why am I not being asked to vote on the Merger?

A: Applicable Delaware law, our certificate of incorporation and the Merger Agreement require the adoption of the Merger Agreement by the holders of at least a majority of the outstanding shares of Common Stock to approve the Merger. The required stockholder approval was obtained when the Stockholder Written Consent was executed and delivered on October 12, 2018 after the Merger Agreement was executed by VSS-Cambium, the Cambium Majority Stockholder. Therefore, your vote is not required and is not being sought. We are not asking you for a proxy and you are requested not to send us a proxy or your stock certificates at this time.

Q: Why did I receive this information statement?

A: You are receiving this information statement because you owned shares of the Company s Common Stock on the close of business on October 12, 2018, which is the record date for determining stockholders to receive this information statement. Applicable law and securities regulations require the Company to provide you with information regarding the Merger, even though your vote or consent is neither required nor requested to authorize and adopt the Merger Agreement or complete the Merger. This information statement also constitutes notice to you of the availability of appraisal rights under Section 262 of the DGCL, a copy of which is attached to this information statement as **Annex C**. Upon completion of the Merger, the Company will send a second notice to the persons entitled thereto setting forth the effective date of the Merger as may be required by Section 262(d)(2) of the DGCL.

Q: Did the Board approve and recommend the Merger Agreement?

A: Yes. The Board unanimously voted to approve the Merger Agreement and recommend the adoption of the Merger Agreement by the Company s stockholders. To review the Board s reasons for recommending the authorization and adoption of the Merger Agreement, see The Merger Reasons for the Merger beginning on page 27.

Q: Do any of the Company s directors or executive officers have interests in the Merger that may differ from those of the Company stockholders generally?

A: You should be aware that the Company s directors and executive officers may have interests in the Merger that may be different from, or in addition to, the interests of the Company s stockholders generally. These

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interests are described in more detail in the section entitled The Merger Interests of Our Directors and Officers and Certain Stockholders in the Merger beginning on page 39. The Board was aware of these interests and considered them, among other matters, in evaluating, recommending and approving the Merger Agreement and recommending the adoption of the Merger Agreement by the Company s stockholders.

Q: Should I send in my Company stock certificates now?

A: No. You will be sent a letter of transmittal with related instructions after completion of the Merger, describing how you may surrender your certificate(s) formerly representing your shares of Common Stock that were outstanding immediately prior to the Effective Time in exchange for the Merger Consideration. **Please do NOT return your stock certificate(s) to the Company at this time.** Holders of uncertificated shares of Common Stock (i.e., holders whose shares are held in book-entry form) will receive instructions from their bank, brokerage firm or other nominee as to how to effect the surrender of their uncertificated shares of Common Stock in exchange for the Merger Consideration.

Q: What happens if I sell or otherwise transfer my shares before completion of the Merger?

A: If you sell or otherwise transfer your shares of Common Stock before completion of the Merger, you will have transferred to the person that acquires your shares of Common Stock the right to receive the Merger Consideration to be received in the Merger and you will lose your appraisal rights. To receive the Merger Consideration or exercise your appraisal rights, you must hold your shares through completion of the Merger.

Q: Is the Merger subject to the fulfillment of certain conditions?

A: Yes. Before the Merger can be completed, the Company, Parent and Merger Sub must fulfill or, if permissible, waive, several closing conditions. If these conditions are not satisfied or waived, the Merger will not be completed. See The Merger Agreement Conditions to the Merger beginning on page 66.

Q: If I did not consent to the adoption of the Merger Agreement, am I entitled to appraisal rights?

A: Yes. If the Merger is consummated and you did not consent to the adoption of the Merger Agreement or waive your appraisal rights, you are entitled to seek appraisal of the fair value of your shares of Common Stock under Section 262 of the DGCL, a copy of which is attached to this information statement as **Annex C**, in connection with the Merger, provided that you comply precisely with the procedures set forth in Section 262 of the DGCL, which are described in this information statement in Appraisal Rights beginning on page 73.

Q: What are the U.S. federal income tax consequences of the Merger?

A: The Merger will be a taxable transaction for U.S. holders of shares of our Common Stock. As a result, any gain recognized by a U.S. holder as a result of the Merger will be subject to U.S. federal income tax and also may be taxed under applicable state, local or other tax laws. With certain exceptions, non-U.S. holders will generally not be subject to U.S. federal income tax on any gain they recognize as a result of the Merger. See Material U.S. Federal Income Tax Consequences of the Merger to Holders of Common Stock beginning on page 46.

We urge you to consult your tax advisor on the tax consequences to you of the Merger.

Q: Where can I find more information about the Company?

A: The Company files periodic reports and other information with the Securities and Exchange Commission (SEC). You may read and copy this information at the SEC s public reference facilities. Please call the

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SEC at (800) SEC-0330 for information about these facilities. This information is also available on the website maintained by the SEC at *www.sec.gov*. For a more detailed description of the available information, please refer to the section entitled Where You Can Find Additional Information beginning on page 81.

Q: Who can help answer my other questions?

A: If you have more questions about the Merger, please contact Alliance Advisors at 200 Broadacres Drive, 3rd Floor, Bloomfield, NJ 07003, info@allianceadvisorsllc.com, (833)782-7146. If your broker holds your shares of Common Stock, you should call your broker for additional information.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and the documents to which we refer you in this information statement contain various forward-looking statements, as defined by federal securities laws, which are based on the current expectations and assumptions of, and information currently available to, the Company s management. When used in this report, the words believe, expect, estimate, project, predict, forecast, plan, anticipate, target, outlook, envis will, or should, and similar expressions or words, or the negatives of those words, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof, and readers should be aware that the Company s actual results could differ materially from those described in the forward-looking statements due to a number of factors, including, without limitation:

- uncertainties as to the timing of the Merger;
- the possibility that various closing conditions, including receipt of regulatory approvals, to the Merger may not be satisfied or waived;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, including a termination under circumstances that could require us to pay Parent a termination fee or reimburse certain expenses;
- the failure to close or delay in consummating the Merger for any other reason, which may adversely affect our business and the price of our Common Stock;
- risks related to the financing of the Merger;
- the outcome of any legal proceedings that have been or may be instituted against the Company and others related to the Merger Agreement;
- the effects of disruption caused by the transactions contemplated by the Merger Agreement making it more difficult to maintain relationships with or retain employees, customers, suppliers, licensees, other business partners or governmental entities;
- the amount of costs, fees, expenses and charges related to the Merger;
- the potential adverse effect on our business, properties or operations because of certain covenants we agreed to in the Merger Agreement;

the diversion of management s attention from ongoing business concerns as a result of the Merger;

the risk that the Merger disrupts current plans and operations as a result of the announcement and consummation of the Merger; and

such other factors, including the impact of legislative, regulatory and competitive changes and other risk factors relating to the industries in which the Company operates, as are set forth in the risk factors detailed from time to time in the Company s periodic reports and registration statements filed with the SEC including, without limitation, the risk factors detailed in the Company s Annual Report on Form 10-K for the year ended December 31, 2017, as such risk factors may have been updated by the Company s subsequent filings with the SEC.

See Where You Can Find Additional Information beginning on page 81. Any forward-looking statements should be considered in light of these factors. Unless otherwise required by law, the Company undertakes no obligation, and expressly disclaims any obligation, to update or publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, or otherwise.

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THE PARTIES TO THE MERGER AGREEMENT

Company

Cambium Learning Group, Inc.

17855 Dallas Parkway, Suite 400

Dallas, Texas 75287

Phone: (888) 399-1995

The Company, a Delaware corporation, is an award-winning educational technology solutions leader dedicated to helping all students reach their full potential through individualized and differentiated instruction. Using a research-based, personalized approach, Cambium Learning Group delivers software as a service (SaaS) resources and instructional products that engage students and support teachers in fun, positive, safe and scalable environments. These solutions are provided through Learning A-Z® (LAZ) (online differentiated instruction for elementary school reading, writing and science), ExploreLearning® (EL) (online interactive math and science simulations and a math fact fluency solution) and Voyager Sopris Learning® (VSL) (blended solutions that accelerate struggling learners to achieve in literacy and math and professional development for teachers).

For more information about the Company, please visit the Company s website at *https://www.cambiumlearning.com/*. The information on the Company s website, other than securities filings that are otherwise incorporated herein by reference, is not incorporated into, and does not form a part of, this information statement. Detailed descriptions of the Company s business and financial results are contained in our Annual Report on Form 10-K for the year ended December 31, 2018, which is incorporated in this information statement by reference. See Where You Can Find Additional Information beginning on page 81.

Parent

Campus Holding Corp.

c/o Veritas Capital Fund Management, L.L.C.

9 West 57th Street, 29th Floor

New York, New York 10019

Phone: (212) 415-6700

Parent is a Delaware corporation and an affiliate of Veritas, a leading private equity firm that invests in companies that provide critical products and services, primarily technology and technology-enabled solutions, to government and commercial customers worldwide, including those operating in the aerospace and defense, healthcare, technology, national security, communications, energy, government services and education industries. Veritas seeks to create value by strategically transforming the companies in which it invests through organic and inorganic means. For more information on Veritas and its current and past investments, visit www.veritascapital.com. The information on Parent s website is not incorporated into, and does not form a part of, this information statement.

Merger Sub

Campus Merger Sub Inc.

c/o Veritas Capital Fund Management, L.L.C.

9 West 57th Street, 29th Floor

New York, New York 10019

Phone: (212) 415-6700

Merger Sub is a Delaware corporation that was formed by Parent solely for the purpose of completing the Merger with the Company. Merger Sub is a wholly-owned subsidiary of Parent and has not engaged in any business to date, except for activities incidental to its incorporation and activities undertaken in connection with the Merger and the other transactions contemplated by the Merger Agreement.

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THE MERGER

The following is a description of the material aspects of the Merger. For additional information, please refer to the Merger Agreement, which is attached to this information statement as ***Annex A****. We encourage you to read carefully this entire information statement for a more complete understanding of the Merger.*

Background of the Merger

The following chronology summarizes the key meetings and events that led to the signing of the Merger Agreement by the Company. In this process, management, members of the Board and other representatives of the Company held many conversations, both by telephone and in-person, about the potential transaction and alternatives. The description below covers only the key events leading up to the execution of the Merger Agreement and does not purport to catalogue every related conversation involving, among or between such representatives.

Beginning in January 2018, certain members of the Board affiliated with the Cambium Majority Stockholder began preliminary discussions with representatives of Macquarie regarding potential strategic alternatives available to the Company, including a possible sale of the Company. The Company approached Macquarie based on the Company s prior experience with certain representatives of Macquarie who the Company believed were knowledgeable about the education industry and had the requisite experience to assist the Company in evaluating strategic alternatives.

On January 31, 2018, representatives from Macquarie met with certain Board members affiliated with the Cambium Majority Stockholder (Messrs. Jeffrey T. Stevenson and David F. Bainbridge) and other representatives from the Cambium Majority Stockholder, for a high level discussion regarding, among other things, a review of potential strategic alternatives available to the Company based on publicly available information about the Company. On February 7, 2018, February 15, 2018 and February 27, 2018, Mr. Bainbridge, along with other representatives from the Cambium Majority Stockholder and its affiliates, met with representatives of Macquarie to further discuss matters relating to a potential sale and potential buyers. During the month of March 2018, Barbara Benson, Chief Financial Officer of the Company, discussed with representatives from Macquarie the terms of a potential engagement. On March 28, 2018, the Company executed an engagement letter engaging Macquarie as its financial advisor in connection with potential strategic alternatives, including a possible sale of the Company (collectively known to the Board as Project Campus); the engagement did not include Macquarie providing any advice to the Board with respect to the VKidz Acquisition described below. On April 11, 2018, the Board held an in-person meeting in Tucson, Arizona. In attendance were certain key members of the Company s management. During the meeting, Mr. Bainbridge led the Board in a strategic discussion regarding present market opportunity for Project Campus .

During the April 11, 2018 Board meeting, Mr. Bainbridge also provided an overview of the strategic fit between VKidz and the Company including their complementary product offerings and operational strengths. Mr. Bainbridge next summarized the benefit resulting from the strategic fit including increased scale, increased percentage of digital subscription revenue, faster growth rate, broader addressable market, as well as achievable cost and revenue synergies and management talent. Mr. John Edelson, the President of VKidz, also presented the Board with an overview of the VKidz business. The Board determined that it was advisable to form a special committee of the Board (the Special Committee), composed entirely of independent and disinterested directors, for purposes of reviewing a possible transaction involving VKidz. The Special Committee consisted of Messrs. Clifford K. Chiu, Walter G. Bumphus and Thomas Kalinske, and engaged independent professional advisors to assist it in evaluating the VKidz Acquisition.

On May 10, 2018, the Special Committee, together with the Audit Committee of the Board, unanimously issued their approvals, in accordance with their respective mandate and charter, regarding the VKidz Acquisition pursuant to the VKidz Purchase Agreement, among the Company, the VKidz Sellers, VKidz and VSS-VKidZ,

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solely in its capacity as Representative thereunder, whereby the Company would acquire all of the issued and outstanding capital stock of VKidz pursuant to the terms therein.

On May 14, 2018, the Company publicly announced that it initiated a review of strategic alternatives to maximize shareholder value and that such strategic alternatives could include a sale of the Company or a sale of a division or divisions thereof, a strategic merger, a business combination or continuing as a standalone entity executing on its business plan. It also disclosed that it had entered into the VKidz Purchase Agreement, pursuant to which the Company agreed to acquire from the VKidz Sellers all of the issued and outstanding capital stock of VKidz on the terms and subject to the conditions stated therein, including, among others, consummation of a Purchaser Change of Control Transaction (as defined in the VKidz Purchase Agreement, which includes the Merger) and the Company s right to terminate the agreement if it determines that consummation of the VKidz Acquisition would interfere in any way with the consummation of a Purchaser Change of Control Transaction. The Company believed there are important synergies and product extensions to be achieved from the combination of the two companies that would ultimately benefit the Company s stockholders.

On June 1, 2018, at the request of the Board, Macquarie began contacting a total of 99 parties to solicit their interest in a potential acquisition of the Company with a focus as to a transaction, with or without VKidz, that would generate the highest price per share of our Common Stock. Of these parties, 20 were potential strategic buyers and 79 were potential financial buyers.

On June 14, 2018, the Board held a telephonic meeting that, at the request of the Board, was also attended by certain members of the Company s management (namely, Scott McWhorter, General Counsel, and Barbara Benson, Chief Financial Officer), as well as representatives from Macquarie, the Cambium Majority Stockholder and its affiliates, and the Company s outside counsel, Lowenstein Sandler LLP (Lowenstein Sandler). The Board discussed the review of strategic alternatives. Among other things, the representatives of Macquarie reviewed and discussed recent M&A activity in the education market and the proposed sale process for the Company.

During the months of June and early July 2018, the Company executed non-disclosure agreements (NDAs) with 61 potential buyers. Most of the NDAs included a customary standstill provision designed to provide the Board with control over the bid review process, as well as public disclosures with respect to such process, and afforded the Board the ability to maximize stockholder value with respect to proposals received during the course of such process.

On June 25, 2018, at the request of the Company, Macquarie began providing potential buyers that had signed NDAs with certain information regarding the Company prepared or approved by the Company, including the Confidential Information Memorandum (the CIM), which, among other things, contained non-public information and internal management projections regarding the Company, which included certain projections relating to VKidz where noted. The CIM was shared with 59 parties.

On July 2, 2018, at the request of the Board, Macquarie solicited non-binding indications of interest from the potential buyers that received the CIM. In the letter describing the first-round of the sales process, potential buyers were instructed that their indications should clearly state if their indication of interest contemplated the acquisition of VKidz together with the Company, or not. Bidders were informed that the Company had pursued the VKidz Acquisition because it believed, and continued to believe, there are important synergies and product extensions to be achieved from the combination of the two companies. The letter requested initial indications of interest by 12:00 pm ET on July 23, 2018.

Over the next few weeks of July 2018, the Company, with the assistance of Macquarie, responded to questions and requests for information regarding the Company and the sale process from potential buyers. The Company then

initiated in-person fireside chats in New York City with 15 potential buyers during the week of July 16, 2018. John Campbell, the Chief Executive Officer of the Company, and Ms. Benson also met in-person

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or telephonically with the 15 potential buyers to discuss the Company. Of the 15 that the Company had direct communication with, two were potential strategic buyers and the rest were potential financial buyers.

On July 23, 2018, the Company received non-binding written indications of interest from 11 potential buyers, each of which contemplated the Company s prior or contemporaneous acquisition of VKidz. Of the 11 that submitted written indications of interest, two were potential strategic buyers and the rest were potential financial buyers. The price per share offers ranged from $10.50 per share to $15.00 per share of our Common Stock.

On July 24, 2018, the Board held a telephonic meeting that was also attended by certain members of the Company s management (namely, Mr. McWhorter and Ms. Benson), as well as representatives from Macquarie, the Cambium Majority Stockholder and its affiliates and Lowenstein Sandler. Macquarie provided the Board with an update on the sale process including a summary of the indications received from potential buyers in the first round. Following the discussion, the Board directed Mr. Campbell, Ms. Benson, Mr. Paul Fonte, Chief Technology Officer, Mr. Patrick Marcotte, President of LAZ, Mr. David Shuster, President of EL, and Mr. Aaron Ingold, President of VSL, and requested Mr. Edelson to engage in further discussions and diligence with ten of the potential buyers that had provided initial indications (an eleventh bidder was dropped from consideration based on its comparatively lower offer price).

On August 1, 2018, a draft of the Company s proposed form of merger agreement, prepared by Lowenstein Sandler in consultation with Company management, was provided to the Board.

From the end of July 2018 through early August 2018, management presentations commenced with each of the ten potential buyers that requested them. Three of the ten management presentations were followed by an accompanying dinner with the Company s management. The parties were also given access to a virtual data room and received third party diligence reports, including the accounting due diligence report prepared by FTI Consulting, the Company s quality of earnings consulting firm (FTI) and the market due diligence report prepared by Oliver Wyman, who was previously engaged by the Company to conduct market research.

On August 9, 2018, at the request of the Company, Macquarie requested revised non-binding indications of interest from the ten potential buyers that had advanced to the second round of the bidding process. The potential buyers were instructed to provide revised indications by 12:00 pm ET on September 6, 2018, and that the revised indications should specify a per share value (not a valuation range). The potential buyers were further informed that they would soon receive an auction draft of the Company s preferred form of merger agreement and requested issues memoranda regarding such form of merger agreement.

One week later, on August 14, 2018, the auction draft of the Company s proposed form of merger agreement was provided to the ten potential buyers.

Throughout August 2018, the Company s management, led by Ms. Benson, held telephonic meetings with nine potential buyers that requested them, providing them with financial reports and trends. Some of the potential buyers requested follow-up calls regarding the Company s financials. Two potential buyers requested a separate call to address the tax implications of the transaction.

In the latter half of August 2018, the Company provided extensive product demonstrations to the potential buyers, including its LAZ, EL and VSL product lines, as well as regarding VKidz s product lines. Some of these meetings were held online through WebX while others were in-person, including an in-person meeting with Parent on August 29, 2018 in New York City.

On August 24, 2018, three of the potential buyers requested a work paper review, attended by the Company s auditor and their respective auditors.

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In August and September of 2018, the Company arranged for FTI to participate on diligence calls with four of the potential buyers, so that FTI could provide an overview of its quality of earnings reports and respond to other detailed questions. Also during this time, Oliver Wyman provided market presentations to four potential buyers.

On August 30, 2018, Parent s counsel, Schulte Roth & Zabel LLP (Schulte) had a telephonic conference with Lowenstein Sandler to discuss high-level issues anticipated for Schulte s issues memorandum with respect to the auction bid draft of the merger agreement.

On September 4 and 13, 2018, the Company engaged in legal diligence calls with two of the potential buyers. Also on September 4, 2018, Mr. Campbell held telephonic meetings with another two of the parties.

During this same time, the Company began to hold in-person technology meetings in Ann Arbor, Michigan. The meetings were attended by the potential buyers and the Company and their respective technology advisors and consultants.

At the conclusion of the second round of the process, on September 6, 2018, the Company received revised indications of interest from six potential buyers, one of which was a potential strategic buyer. Of the ten parties that had advanced after submitting initial indications, four had declined to continue their participation as of the second round bid deadline. The price per share offers ranged from $10.58 per share to $13.50 per share. Of note, the bidders that offered $15.00 per share (or a range that went up to $15.00 per share) in the previous round had revised their offer prices in this round, indicating that their bids were uncompetitive compared to others received in this second round. All of the potential buyers advised that they would like to include the VKidz Acquisition. Only Parent requested exclusivity at this time, which was declined by the Company.

On September 10, 2018, the Board held a telephonic meeting to review the revised indications of interest received in the second round of the process. The meeting was also attended by certain members of the Company s management (namely, Mr. McWhorter and Ms. Benson), as well as representatives from Macquarie, the Cambium Majority Stockholder and its affiliates and Lowenstein Sandler. At the Board s request, representatives of Macquarie summarized the revised indications of interest received from the six potential buyers, one of which was a potential strategic buyer, and Lowenstein Sandler summarized the issues memoranda received from those potential buyers as to the proposed form of merger agreement. Following discussion and deliberation with the assistance of its legal and financial advisors, the Board resolved to advance the potential buyers with the top three revised indications to the final round of bidding, as this would still allow for a competitive process, but would not be unwieldy or dissuade the potential buyers from continued engagement in the process: Parent, Participant 1 and Participant 2. Parent had submitted an offer price of $12.35 per share, Participant 1 had submitted an offer price of $13.50 per share and Participant 2 had submitted an offer price at a range of $12.50 to $13.25 per share. Parent and Participant 2 were financial sponsors, while Participant 1 was considered to be a strategic buyer.

On September 13, 2018, Schulte conducted a lengthy legal diligence call with the Company. Schulte

followed up on such call, by conducting an antitrust diligence call with the Company and Lowenstein Sandler on September 26, 2018.

On September 14, 2018, Schulte had a telephonic conference with Lowenstein Sandler to discuss its issues list on behalf of Parent regarding the auction draft of the merger agreement. On the same date, counsel to Participant 1 had a telephonic conference with Lowenstein Sandler to discuss its issues list regarding the auction draft of the merger agreement.

Participant 1 held on-site product strategy and sales sessions concerning LAZ, EL and VSL throughout the week of September 17, 2018. Each of the respective LAZ, EL and VSL product teams attended these sessions. Participant 1 also held telephonic meetings with Ms. Lin Feinberg, Chief Financial Officer of VKidz, regarding VKidz tax and finance questions. During this same time, Participant 2 met with Ms. Benson, Ms. Feinberg,

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Mr. Fonte, Mr. Scott Halphen, the Company s Chief Accounting Officer, and Mr. Brad Keith, the Company s Controller, to discuss VKidz synergies and shared services. Participant 2 also engaged in EL, VSL and VKidz business and technology diligence sessions with each of their respective management teams.

On September 17, 2018, Schulte had a telephonic conference with Lowenstein Sandler regarding legal diligence. On that date, the Company also signed a clean team confidentiality agreement with the potential strategic buyer, Participant 1. On the same day, counsel for Participant 2 had a telephonic conference with Lowenstein Sandler to discuss their comments on the merger agreement (as Participant 2 had provided a full markup of the merger agreement in the second round of the process, rather than the abbreviated issues memorandum that had been requested by, and provided by the other potential buyers to, the Company).

On September 20, 2018, counsel for Participant 1 had a lengthy legal diligence call with the Company.

On September 20, 2018, at the request of the Company, Macquarie requested that Parent, Participant 1 and Participant 2 submit final written binding letters of intent. The instructions as to the final-round process advised that the final bids should be submitted by 12:00 pm ET on October 10, 2018, and that final bids must provide a specific per share value (not a valuation range). The bidders were also instructed that they should provide, by no later than 12:00 pm ET on September 28, 2018, redlined transaction documents (the merger agreement, accompanying disclosure schedules, limited guarantee, equity commitment letter and any other documents that would be required at the time of execution of the Merger Agreement (collectively, the Bid Transaction Documents)) that they would be prepared to execute on such date.

During the week of September 24, 2018, representatives from Parent met with Mr. Edelson and Ms. Feinberg. Parent also commenced EL and VKidz business and technology diligence sessions with each of their respective management teams. Later in the week, Mr. McWhorter held telephonic meetings with Parent regarding human resources and potential tax issues.

On September 24, 2018, Schulte conducted a legal due diligence call with the management of VKidz, and on September 27, 2018, Schulte conducted a legal due diligence call with the management of VKidz regarding employment matters. On September 26, 2018, counsel for Participant 1 conducted a legal due diligence call with the management of VKidz.

On September 28, 2018, counsel for Participant 1 conducted a legal due diligence call with the Company and Lowenstein Sandler. Between September 26 and 28, 2018, Macquarie, at the request of the Company, contacted each bidder telephonically to remind them, when developing their final bids, that Cambium s goal is to maximize the value of the per share consideration for Cambium s stockholders.

On September 28, 2018, the Company received markups of the Bid Transaction Documents from the three potential buyers. On October 2, 2018, the Company received further markups of the equity commitment letter and limited guarantee from Parent.

From September 28 until October 3, 2018, Lowenstein Sandler worked with members of Company management to review, and provide responsive markups on, each of the three potential buyer s Bid Transaction Documents. During such time, Lowenstein Sandler engaged with counsel for the potential buyers via telephone conferences to provide feedback on the Bid Transaction Documents received by them.

On October 1, 2018, Lowenstein Sandler on behalf of the Company requested that representatives of Macquarie inform potential buyers that they should submit bids producing the highest price per share of our Common Stock,

regardless of whether it included the VKidz Acquisition. In accordance with such instructions, Macquarie informed each potential buyer that the Board remained focused on achieving the highest per share price for our Common Stock; their bids were not required to include the Company s prior or contemporaneous

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acquisition of VKidz; their bid would not be considered advantaged or disadvantaged if it included or excluded the Company s prior or contemporaneous acquisition of VKidz; the bid process required that each potential bidder expresses its bid as a per share price for our Common Stock with an indication if such price includes or excludes the Company s prior or contemporaneous acquisition of VKidz; and, if they chose to premise their bid on the Company s prior or contemporaneous acquisition of VKidz, they were free to express their bid in any manner that would convey the highest value for the shares of our Common Stock.

On October 3 and October 4, 2018, Lowenstein Sandler provided responsive markups of the merger agreements to counsel for each of Parent, Participant 1 and Participant 2, each redlined against their respective markup and the auction bid draft. On October 4, 2018, Lowenstein Sandler provided responsive markups of the guarantee and equity commitment letter to counsel for each of Participant 1 and Participant 2 and a responsive markup of Parent s equity commitment letter to Schulte, each redlined against their respective markup and the Company s initial proposed forms. On October 5, 2018, Lowenstein Sandler provided responsive markups of the disclosure schedules to counsel for each of Parent, Participant 1 and Participant 2, each redlined against their respective markup and the Company s initial proposed form. Also on that date, Lowenstein also provided a responsive markup of the guarantee with Parent to Schulte, redlined against its markup and the Company s initial proposed form.

During the first two weeks of October 2018, the Company, with the assistance of Macquarie and Lowenstein Sandler, continued to actively respond to informational requests from the three potential buyers. During the first week, Parent, Participant 1 and Participant 2 each met with Mr. Campbell, Ms. Benson and representatives of LAZ and VSL for a third quarter and year-to-date performance update. Parent attended dinner meetings with Messrs. Campbell and Edelson on October 4 and October 9, 2018, respectively. On October 4, 2018, Schulte had a legal diligence call with the Company and Lowenstein Sandler, as well as a call with just Lowenstein Sandler to discuss its responsive markup of the Bid Transaction Documents, particularly the merger agreement, provided by Schulte during the final round. On October 5, 2018, counsel and the tax advisor for Participant 1 had a diligence call with Lowenstein Sandler to discuss certain tax matters. On October 8, 2018, counsel for Participant 2 had a legal diligence call with Lowenstein Sandler and the Company s management. On the same date and then again on October 9, 2018, Schulte and Lowenstein Sandler had another call to discuss the Company s position, and Lowenstein Sandler s responsive markup, with respect to the merger agreement.

On October 10, 2018, Parent, Participant 1 and Participant 2 submitted their final bids consisting of bid cover letters, final, executable Bid Transaction Documents, and draft debt commitment papers. Of the three bids, proposals from both Parent and Participant 2 included the acquisition of VKidz, and the proposal from Participant 1 did not include VKidz.

On October 11, 2018, the Board held a telephonic meeting attended by all Board members, as well as, at the request of the Board, certain members of the Company s management, and representatives from Macquarie, the Cambium Majority Stockholder and its affiliates, Lowenstein Sandler and Richards Layton & Finger, P.A., Delaware counsel to the Company, to review the final round of proposals. Prior to the meeting, the Board received an agenda, materials summarizing the sale process to date and the three bid proposals, Lowenstein Sandler s markups of the Bid Transaction Documents received from Parent and Participant 1 (the two highest bid proposals), a comparison chart of the final proposed terms of each merger agreement prepared by Lowenstein Sandler and draft Board resolutions. At the request of the Board, Macquarie reviewed the process to date and the proposals received from the three remaining potential buyers. In addition, at the request of the Board, Macquarie reviewed and discussed its preliminary financial analyses with respect to the Company, as discussed further below. A representative of Lowenstein Sandler provided an overview of the process and proposed Bid Transaction Documents from the potential buyers. A representative of Lowenstein Sandler also provided a presentation to the Board regarding its fiduciary duties with respect to the bid selection process, during which representatives from Macquarie were excused from the meeting.

During the meeting, the Board discussed the three bid proposals. Parent offered all cash merger consideration of $13.00 per share and also included the VKidz Acquisition. (Parent had previously offered

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$12.35 per share in the second round, assuming the VKidz Acquisition). Parent also advised that they would work with the Company s management to ensure proper programs would be in place to provide incentives to employees. Parent advised that it was prepared to execute definitive Bid Transaction Documents immediately. Participant 1 offered all cash merger consideration of $13.50 per share but did not include the VKidz Acquisition. (Participant 1 had previously offered $13.50 per share in the second round, assuming the VKidz Acquisition). Participant 1 also conveyed that it was prepared to execute definitive Bid Transaction Documents immediately. Participant 2 offered all cash merger consideration of $12.50 per share and included the VKidz Acquisition. (Participant 2 had previously offered a range of $12.50-$13.25 per share at the conclusion of the second round of the process, assuming the VKidz Acquisition). Participant 2 advised that they would be able to work with the Company to finalize Bid Transaction Documents, including amending and restating the VKidz Purchase Agreement to provide for cash consideration, by October 14, 2018, if not sooner. Participant 2 requested a brief period of exclusivity otherwise its bid proposal would terminate at 5:00 pm ET on October 12, 2018.

The Board also reviewed and compared the Bid Transaction Documents that Parent and Participant 1 represented they were prepared to execute immediately. Parent s merger agreement provided greater certainty around antitrust approval and its commitment to pursue the same, as well as greater certainty around financing and its commitment to pursue the same. Participant 1 s merger agreement provided only limited certainty relating to antitrust approval, limited certainty relating to financing, and required a minimum 60 day period before which, even if all other conditions were satisfied, closing could occur.

At the conclusion of the meeting, the Board instructed Macquarie and Lowenstein Sandler to request best and final offers from Parent and Participant 1.

After the Board meeting concluded, Lowenstein Sandler provided further markups of the Bid Transaction Documents, including markups of draft debt commitment papers, to counsel for Parent and Participant 1. As instructed by the Board, representatives of Macquarie informed the two remaining potential buyers to provide their best and final per share price offer and executable documents by 10:30 am ET on the following day, October 12, 2018. As previously instructed, Macquarie reminded the two final bidders that the Board was focused on achieving the highest per share price for our Common Stock; there was no requirement to include the VKidz Acquisition in their bids; a bid would not be considered advantaged or disadvantaged if a potential buyer chose to include or exclude the VKidz Acquisition in its bid; and, if a potential buyer chose to include the VKidz Acquisition, such potential buyer was free to express its bid in any manner that conveys the highest value per share of our Common Stock.

In the late evening of October 11, 2018 and early morning of October 12, 2018, Lowenstein engaged with Schulte and counsel for Participant 1 regarding open points of discussion in the Bid Transaction Documents, particularly the Merger Agreement.

The Company received final bids from Parent and Participant 1 in the late morning of October 12, 2018. Participant 1 proposed a price of $14.00 per share, which did not include consummating the VKidz Acquisition. Parent proposed a per share offer price of $14.50 to the Company s stockholders, and a price of $11.50 per share for our Common Stock to be issued as consideration in connection with the VKidz Acquisition. The Bid Transaction Documents received from Parent also included a proposed draft amendment to the VKidz Purchase Agreement to, among other things, provide Parent with the ability to seek representation and warranty insurance, and to have the sellers of VKidz waive their appraisal rights in connection with the Merger.

Parent s proposed amendment to the VKidz Purchase Agreement was shared with Edcity and Mr. Edelson, and their counsel, Perlman, Bajandas, Yevoli & Albright, P.L. (PBYA). Lowenstein Sandler also confidentially shared the draft merger agreement proposed by Parent with PBYA. It was confirmed that the VKidz Sellers would waive their

appraisal rights in connection with the Merger, pursuant to the terms of the proposed amendment to the VKidz Purchase Agreement.

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In the early afternoon on October 12, 2018, the Board held a telephonic meeting attended by the full Board, certain members of the Company s management, and representatives of Macquarie and Lowenstein Sandler, in order to review the final two offers.

Later in the afternoon on October 12, 2018, the Special Committee of the Board, which on May 10, 2018, had previously declared advisable, fair to and in the best interests of the Company s stockholders for the Company to enter into the VKidz Purchase Agreement and consummate the VKidz Acquisition pursuant to the terms therein, reconvened to discuss the draft second amendment to the VKidz Purchase Agreement proposed by Parent with its final Bid Transaction Documents. The Special Committee, who was advised by its own advisors, unanimously approved and declared advisable, fair to and in the best interests of the Company s stockholders, the proposed second amendment to the VKidz Purchase Agreement.

In the early evening on October 12, 2018, after the close of trading on Nasdaq, the Board again reconvened by telephone to discuss the final two offers. Prior to the meeting, the Board received a revised draft of Board resolutions. At the meeting, Macquarie reviewed and discussed its financial analyses with respect to the Company and the proposed Merger. Thereafter, at the request of the Board, Macquarie rendered its oral opinion to the Board (which was subsequently confirmed in writing by delivery of Macquarie s written opinion addressed to the Board dated as of the same date), as to, as of October 12, 2018, the fairness, from a financial point of view, to the holders of our Common Stock, other than the Excluded Holders, of the Merger Consideration to be received by such holders in the Merger pursuant to the Merger Agreement after giving effect to but without addressing the proposed VKidz Acquisition. The Board also took into consideration that the proposed Merger would trigger certain previously negotiated and previously disclosed transaction fees, plus reimbursement of related expenses, payable by the Company to VSS or its designee and that the VKidz Acquisition would trigger certain previously negotiated transaction fees, plus reimbursement of related expenses, payable by VKidz to VSS-VKidZ or its affiliated designee. The aggregate amount of such transactions fees from both the Merger and the VKidz Acquisition payable to VSS and its related affiliates is equal to approximately $7,876,000, subject to adjustment. After further discussion, on motions duly made and seconded, the Board unanimously (i) determined that the terms and provisions of the Merger Agreement and the transaction contemplated thereby, including the Merger, are fair to, advisable and in the best interests of the Company and its stockholders, (ii) approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger, (iii) resolved to recommend to the stockholders of the Company that such holders adopt the Merger Agreement, and (iv) directed that the Merger Agreement be submitted to the holders of Common Stock, including the Cambium Majority Stockholder for adoption. The Board also resolved to take the following actions: (x) exercise its right to accelerate the outstanding Company Options immediately prior to the Merger; and (y) affirmatively determine that Parent and Merger Sub are each to be deemed an Exempt Person under the terms of the Company s Tax Asset Protection Rights Agreement, dated as of September 21, 2016 (the Rights Agreement), with Equiniti Trust Company (successor of interest of Wells Fargo Bank, National Association), as Rights Agent thereunder.

Bid Transaction Documents were executed with Parent and its Merger Sub, as of October 12, 2018, and an executed Debt Commitment Letter was delivered to the Company. The Company, VKidz and the VKidz Sellers also executed and delivered the second amendment to the VKidz Purchase Agreement. The Cambium Majority Stockholder executed and delivered to Parent its agreement as to its post-closing non-solicitation and no-hire covenant.

In accordance with the terms of the Merger Agreement stating that the Cambium Majority Stockholder s written consent to the Merger would be delivered no later than 8:30 pm ET on the date immediately following the date of execution and delivery of the Merger Agreement, the Cambium Majority Stockholder delivered its executed written consent at approximately 10:00 pm ET on October 12, 2018.

A press release announcing the Merger was disseminated on October 15, 2018 at approximately 6:15 am ET and the Company filed disclosure of the Merger on a Current Report on Form 8-K shortly thereafter.

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On November 1, 2018, the Special Committee and the Audit Committee reconvened to consider a proposed third amendment to the VKidz Purchase Agreement with the other parties thereto (the Amendment). The Amendment changes the form, but not the amount, of consideration to be issued by the Company to the VKidz Sellers from shares of Common Stock to cash, for the purpose of simplifying the closing mechanics of the VKidz Purchase Agreement. Pursuant to the terms of the Amendment, in lieu of shares of Common Stock, the Excluded Holders would receive an aggregate cash payment in the amount of $77,533,000, which is the product of (i) 6,742,000 shares of Common Stock that were to be issued to the VKidz Sellers prior to the Amendment and (ii) the fixed per share price of $11.50, which represents the per share consideration the VKidz Sellers would have received under the Merger Agreement had they been issued Common Stock. On November 1, 2018, the Special Committee voted unanimously to recommend that the Company adopt and enter into the Amendment and the Audit Committee unanimously voted to adopt the recommendations of the Special Committee. On November 8, 2018, the Company and the other parties to the VKidz Purchase Agreement entered into the Amendment. In addition, on November 8, 2018, the Company, Parent and Merger Sub confirmed their intention and agreement to consummate the VKidz Acquisition immediately after the Effective Time. As a result, the Excluded Holders will receive as consideration an aggregate cash payment in the amount of $77,533,000, and will neither beneficially own, immediately prior to the Effective Time, any shares of Common Stock, nor receive any Merger Consideration pursuant to the Merger Agreement, rather, the Excluded Holders will receive the consideration, in the form of cash, as set forth in the VKidz Purchase Agreement.

Reasons for the Merger

In evaluating the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the Board consulted with senior management of the Company, as well as representatives of Macquarie and Lowenstein Sandler. In the course of making the determination that the Merger and the other transactions contemplated by the Merger Agreement are fair to, and in the best interests of, the Company and its stockholders, approving and declaring advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and recommending that the holders of our Common Stock vote in favor of the adoption of the Merger Agreement, the Board considered numerous factors, including the following material factors and benefits of the Merger:

The fact that the price proposed by Parent reflected extensive negotiations between the parties and their respective advisors, and represented the highest bona fide per share price (supported by committed financing) that the Company was offered for the shares of our Common Stock after a broad competitive solicitation of interest and the Company s belief that the agreed price was the highest price per share Parent was willing to agree to;

The fact that the Board, with the assistance of the senior management of the Company, as well as representatives of Macquarie and Lowenstein Sandler, conducted a broad, lengthy and thorough sale process, after publicly announcing that the Company commenced a process for exploring strategic alternatives, that sought offers to purchase from an initial global group of 99 potential parties, including financial and strategic investors, 61 of whom elected to enter into NDAs and received information related to the Company, and that, following extensive due diligence and negotiations, the Board believed that the Merger Consideration to be paid by Parent reflected the highest per share value reasonably available for the Company s stockholders. The bidding process is more fully described under The Merger Background of the Merger beginning on page 19 of this information statement;

The fact that the Board believed that there were no other potential buyers that would be reasonably likely to engage in a transaction in the near term at a price per share greater than the price being offered by Parent and on other acceptable terms. After the Company announced that it was seeking strategic alternatives when it filed a Current Report on Form 8-K with the SEC on May 17, 2018 and after a long, robust auction process, the Board believed that Parent was the most viable party left in the sale process. In contrast with Parent, the Board believed that Participant 1 could not agree to the same level of commitment relating to antitrust approval and financing in order to provide the Company with

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assurance of a timely and more certain closing of the Merger. The bidding process is more fully described under The Merger Background of the Merger beginning on page 19 of this information statement;

The fact that the Merger Consideration of $14.50 per share to be received by the Company stockholders in the Merger represents a significant premium over the historical market prices at which shares of our Common Stock traded prior to the Company s announcement that it commencing a process to explore strategic alternatives on May 14, 2018, when the Common Stock traded at $10.50 per share, or when first and second round bids were due during the sale process, when trading of the Common Stock closed at $12.20 per share on July 23, 2018 and $12.61 per share on September 6, 2018, respectively, or at the close of markets on October 12, 2018 when it was $12.07 per share;

The fact that the Merger Consideration is all cash, which provides liquidity and certainty of value to the Company s stockholders, enabling them to realize value that had been created pursuant to the recent increase in the Company s stock price, while eliminating long-term business and execution risk;

The Company s current and historical financial condition, results of operations, competitive position, strategic options and prospects, as well as the financial plan and prospects if the Company were to remain an independent public company and the potential impact of those factors on the trading price of our Common Stock (which cannot be quantified numerically);

The prospective risks to the Company as an independent public company, including the risks and uncertainties with respect to:

Achieving the Company s growth plans in light of the current and foreseeable market conditions, including the risks and uncertainties in the U.S. and global economy generally,

Competing with the Company s competitors in a market with increasing industry consolidation and the risk that potential opportunities could diminish in the future as the Company s competitors continue to pursue acquisitions, and

The other risk factors set forth in the Company s Form 10-K for the fiscal year ended December 31, 2017;

The support of the Cambium Majority Stockholder, which controlled approximately 68.4% of the aggregate outstanding shares of our Common Stock as of October 12, 2018, who will be receiving the same form and amount of Merger Consideration for its shares of our Common Stock as all other stockholders;

The financial analyses reviewed and discussed with the Board by representatives of Macquarie, as well as the oral opinion of Macquarie rendered to the Board on October 12, 2018 (which was subsequently

confirmed in writing by delivery of Macquarie s written opinion addressed to the Board dated the same date), as to, as of October 12, 2018, the fairness, from a financial point of view, to the holders of our Common Stock, other than the Excluded Holders, of the Merger Consideration to be received by such holders in the Merger pursuant to the Merger Agreement after giving effect to but without addressing the proposed VKidz Acquisition;

The fact that the Merger Agreement contains customary terms and was the product of arm s-length negotiations;

The availability of appraisal rights to our stockholders who properly exercise their statutory rights under Section 262 of the DGCL (see Appraisal Rights beginning on page 73);

The experience and reputation of Parent s affiliate, Veritas; and

The definitive agreements between Parent and The Veritas Capital Fund VI, L.P. of committed equity financing, and the Debt Commitment Letter from Royal Bank of Canada, Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Barclays Bank Plc, Bank of Montreal, BMO Capital Markets Corp., Chain Bridge Opportunistic Funding, LLC to provide debt financing.

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The Board also considered and balanced the potentially positive factors against a number of potentially negative factors concerning the Merger, including the following factors:

The fact that following the completion of the Merger, the Company will no longer exist as an independent public company and that the Company s existing stockholders will not be able to participate in any future earnings or growth of the Company, or in any future appreciation in value of shares of our Common Stock;

The fact that, while the Merger is expected to be completed, there are no assurances that all conditions to the parties obligations to complete the Merger will be satisfied or waived, and as a result, it is possible that the Merger might not be completed, including as a result of a failure by Parent to obtain the financing or regulatory clearance to the standards set forth in the Merger Agreement, as described under The Merger Agreement Conditions to Completion of the Merger beginning on page 66;

That, as a condition to paying the Merger Consideration, Parent insisted that the terms of the Merger Agreement: (i) require the Company to deliver a written consent, executed by the Cambium Majority Stockholder, that constitutes the stockholder approval necessary to consummate the Merger not later than 8:30 p.m. local time, New York, New York on the date immediately following the execution and delivery of the Merger Agreement and (ii) prohibit the Company and its representatives from engaging in discussions regarding unsolicited proposals and terminating the Merger Agreement in favor of a superior proposal following the receipt of the Stockholder Written Consent. As discussed above, however, the Board believed that there were no other potential purchasers that would be reasonably likely to engage in a transaction in the near term at a price per share greater than the price being offered by Parent;

The fact that the Merger Consideration consists of cash and will therefore be taxable to the Company stockholders for U.S. federal income tax purposes;

The risk that the debt financing contemplated by the Debt Commitment Letter (or any alternative financing) might not be obtained, resulting in Parent potentially not having sufficient funds to complete the Merger, and while the Company may seek specific performance, such specific performance may only be sought if debt financing is available to Parent;

The fact that the applicable reverse termination fee is not available in all instances where the Merger Agreement may be terminated and may be the Company s only recourse in respect of termination when it is available;

The fact that the guarantors monetary damages under the Guarantee cannot exceed the amount of the reverse termination fee payable by Parent and Merger Sub;

The possibility of disruption to the Company s business that could result from the announcement of the Merger and the resulting distraction of management s attention from day-to-day operations of the business and its ability to attract and retain key employees during the pendency of the Merger;

The fact that the Company has incurred and will incur substantial expenses related to the transactions contemplated by the Merger Agreement, regardless of whether the Merger is consummated; and

The fact that the Merger Agreement prohibits the Company from taking a number of actions relating to the conduct of its business prior to the closing without the prior written consent of Parent, which may delay or prevent the Company from undertaking business opportunities that may arise during the pendency of the Merger, whether or not the Merger is completed.

During its consideration of the transaction with Parent, the Board was also aware of and considered that the Company s directors and executive officers may have interests in the Merger that may differ from, or be in addition to, their interests as stockholders of the Company generally, including certain previously negotiated fees payable to VSS and its affiliates in connection with consummation of the Merger and the VKidz Acquisition, as described under The Merger Interests of Our Directors and Officers and Certain Stockholders in the Merger beginning on page 39.

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After taking into account all of the factors set forth above, as well as others, the Board unanimously determined that the potentially positive factors outweighed the potentially negative factors. The foregoing discussion of the factors considered by the Board is not intended to be exhaustive, but summarizes the material information and factors considered by the Board in its consideration of the Merger. The Board reached the decision to unanimously recommend and approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, in light of the factors described above and other factors the Board felt were appropriate.

In view of the variety of factors and the quality and amount of information considered, the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination, and individual members of the Board may have given different weights to different factors. The Board conducted an overall analysis of the factors described above, including thorough discussions with, and questioning of, management of the Company, Macquarie, as financial advisor, and Lowenstein Sandler, as legal advisor, and considered the factors overall to be favorable to, and to support, its determinations. It should be noted that this explanation of the reasoning of the Board and certain information presented in this section is forward-looking in nature and should be read in light of the factors set forth in Cautionary Statement Regarding Forward-Looking Statements beginning on page 17.

Opinion of the Company s Financial Advisor

On October 12, 2018, Macquarie rendered its oral opinion to the Board (which was subsequently confirmed in writing by the delivery of Macquarie s written opinion addressed to the Board dated the same date) as to, as of October 12, 2018, the fairness, from a financial point of view, to the holders of the shares of Common Stock, other than the Excluded Holders, of the Merger Consideration to be received by such stockholders in the Merger pursuant to the Merger Agreement after giving effect to but without addressing the VKidz Acquisition.

Macquarie s opinion was directed to the Board (in its capacity as such), and only addressed the fairness, from a financial point of view, to the holders of Common Stock, other than the Excluded Holders, of the Merger Consideration to be received by such stockholders in the Merger pursuant to the Merger Agreement after giving effect to but without addressing the Vkidz Acquisition and did not address any other aspect or implication of the Merger. With the Company s agreement, Macquarie s financial analyses and opinion did not address the VKidz Purchase Agreement or the VKidz Acquisition. The summary of Macquarie s opinion in this information statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex B to this information statement, and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Macquarie in preparing its opinion. However, neither Macquarie s written opinion nor the summary of its opinion and the related analyses set forth in this information statement are intended to be, and they do not constitute, a recommendation to any holder of Common Stock as to how such stockholder should vote or act on any matter relating to the Merger.

In arriving at its opinion, Macquarie, among other things:

(i) reviewed a draft, dated October 12, 2018, of the Merger Agreement;

(ii) reviewed certain publicly available business and financial information regarding the Company;

(iii) reviewed certain other financial and operating information relating to the Company furnished by the management of the Company, including financial projections prepared by the management of the Company relating to the Company for the fiscal years ending December 31, 2018 through December 31, 2022 (the Company Projections);

(iv) discussed the Merger and our business, operations, financial condition and prospects with members of the management of the Company;

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(v) reviewed certain financial and stock market data with respect to the Company and compared that data with similar data for other companies with publicly traded equity securities that Macquarie deemed relevant; and

(vi) performed such other financial analyses and considered such other information and factors that Macquarie deemed appropriate for purposes of its opinion.

Macquarie did not undertake any responsibility for independently verifying, and did not independently verify, any of the foregoing information, and Macquarie assumed and relied upon the accuracy and completeness of all such information. Management of the Company advised Macquarie, and Macquarie assumed, that the Company Projections were reasonably prepared in good faith on bases reflecting such management s best currently available estimates and judgments as to the future financial performance and condition of the Company. The Company advised Macquarie, and Macquarie assumed, that the Company Projections were a reasonable basis on which to evaluate the Company and the Merger and, at the Company s direction, Macquarie used and relied upon the Company Projections for purposes of its analyses and opinion. Macquarie expressed no view or opinion as to the Company Projections or the assumptions upon which they were based. Further, Macquarie relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Company since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Macquarie that would be material to its analysis or opinion, and that there was no information or any facts that would make any of the information reviewed by Macquarie incomplete or misleading. In connection with its opinion, Macquarie did not make, or assume any responsibility for making, any physical inspection, independent evaluation of or appraisal of any of the assets or liabilities (contingent or otherwise) of the Company, nor was Macquarie furnished with any such evaluations or appraisals.

Macquarie relied upon and assumed that, except as would not be material to its analysis or opinion, the representations and warranties of each party in the Merger Agreement were true and correct, each party would perform all of the covenants and agreements required to be performed by it under the Merger Agreement, all of the conditions to the consummation of the Merger would be satisfied, and the Merger would be consummated in accordance with the terms set forth in the Merger Agreement without waiver, modification or amendment of any terms or provisions thereof. Macquarie further assumed, with the Company s consent, that, except as would not be material to its analysis or opinion, the Merger would be consummated in a manner that complies in all respects with all applicable federal and state statutes, rules and regulations and that, except as would not be material to its analysis or opinion, all governmental, regulatory, third-party and other consents, approvals or releases necessary for the consummation of the Merger would be obtained without undue delay, limitation, restriction or condition (including the disposition of businesses or assets). In addition, Macquarie assumed that, except as would not be material to its analysis or opinion, the final form of the Merger Agreement would not differ from the draft of the Merger Agreement reviewed by it.

Macquarie s opinion did not address the underlying business decision of the Board or the Company to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions available to the Company. Macquarie s opinion was necessarily based on information made available to Macquarie as of the date of the opinion and financial, economic, market and other conditions as they existed and could be evaluated on the date of the opinion. Macquarie expressed no opinion or view as to the potential effects of the unusual volatility being experienced in the credit, financial and stock markets on the Company or the Merger. Macquarie did not have any obligation to update, revise, reaffirm or withdraw its opinion or to otherwise comment on or consider events occurring or coming to its attention after the date of its opinion.

Macquarie s opinion only addressed the fairness, from a financial point of view, to holders of Common Stock, other than the Excluded Holders, of the Merger Consideration to be received by such stockholders in the Merger pursuant to the Merger Agreement after giving effect to but without addressing the VKidz Acquisition and did not address any

other aspect or implication of the Merger or any consent, agreement, arrangement or

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understanding provided or entered into in connection therewith or otherwise including, without limitation, (i) the VKidz Acquisition, (ii) the form or structure of the Merger, or any portion thereof, and (iii) the fairness of the amount or nature of, or any other aspect relating to, any compensation or Merger Consideration to be paid or payable to any officers, directors or employees of any parties to the Merger (in their respective capacities as such), or any class of such persons, relative to the Merger Consideration or otherwise. Macquarie s opinion did not address the individual circumstances of any specific holder of Common Stock with respect to the tax consequences of the Merger or any control, voting or any other rights, aspects or relationships which may distinguish such holders, including without limitation whether any such holder might otherwise seek or be able to obtain a control premium for their shares. Macquarie did not provide any advice or opinion as to matters that require legal, regulatory, accounting, insurance, executive compensation, tax or other similar professional advice. Macquarie assumed that the Company had obtained or would obtain such advice or opinions from appropriate professional sources. Furthermore, Macquarie relied upon the accuracy and completeness of the assessments by the Company and its advisors with respect to all legal, regulatory, accounting, insurance, executive compensation and tax matters. Macquarie did not express any opinion as to whether or not the Company, Parent, its security holders or any other party was receiving or paying reasonably equivalent value in the Merger, the solvency, creditworthiness or fair value of the Company, Parent or any other participant in the Merger, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters.

Macquarie s opinion is for the information and use of the Board (in its capacity as such) in connection with its consideration of the Merger. Macquarie s opinion does not constitute a recommendation to the Board, the Company, the holders of Common Stock or any other person as to how to act or vote with respect to any matter relating to the Merger.

Under the terms of its engagement, neither Macquarie s opinion nor any other advice or services rendered by it in connection with the Merger or otherwise, should be construed as creating, and Macquarie will not be deemed to have, any fiduciary, agency or similar duty to the Board, the Company, Parent, any security holder or creditor of the Company, or any other person, regardless of any prior or ongoing advice or relationships. Under the terms of its engagement, Macquarie was retained by the Company as an independent contractor and the opinion and other advice rendered by Macquarie were provided solely for the use and benefit of the Board (in its capacity as such) in connection with its consideration of the Merger. As a matter of state law, Macquarie believes the opinion and other advice of Macquarie may not be used or relied upon by any other person without its prior written consent. *See, e.g., Joyce v. Morgan Stanley,* 538 F.3d 797 (7th Cir. 2008), *HA2003 Liquidating Trust v. Credit Suisse Secs. (USA) LLC,* 517 F.3d 454 (7th Cir. 2008) and *Collins v. Morgan Stanley Dean Witter,* 224 F.3d 496 (5th Cir. 2000). By limiting the foregoing statement to matters of state law, Macquarie is not, and should not be deemed to be, admitting that Macquarie has any liability to any persons with respect to its advice or opinion under the federal securities laws. Furthermore such statement is not intended to affect the rights and responsibilities of the Board under governing state law or the federal securities laws. Any claims under the federal securities laws against Macquarie or the Board will be subject to adjudication by a court of competent jurisdiction.

Summary of Material Financial Analyses

The following is a summary of the material financial analyses reviewed by Macquarie with the Board in connection with the rendering of its opinion to the Board on October 12, 2018. The summary does not contain all of the financial data holders of the shares of the Common Stock may want or need for purposes of making an independent determination of fair value. Holders of the Common Stock are encouraged to consult with their own financial and other advisors before making an investment decision in connection with the proposed Merger. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description

of the analyses, as well as the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create a misleading or incomplete view of Macquarie s analyses.

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For purposes of its analyses, Macquarie reviewed a number of financial metrics including:

Enterprise Value generally the value as of a specified date of the relevant company s outstanding equity securities (taking into account its options and other outstanding convertible securities) plus the value as of such date of its net debt (the value of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash on its balance sheet).

Adjusted EBITDA generally the amount of the relevant company s earnings before interest, taxes, depreciation and amortization for a specific time period, as adjusted for certain non-recurring items.

Cash Income generally the amount of the relevant company s Adjusted EBITDA reduced by capitalized expenditures, and further adjusted to ***remove*** the timing differences for recognition of deferred revenues and related deferred costs for a specific time period.

Unless the context indicates otherwise, (1) share prices for the selected companies used in the selected companies analysis described below were as of October 11, 2018, (2) estimates of financial performance for the selected companies listed below were based on publicly available research analyst estimates for those companies, and (3) estimates of future financial performance of the Company were based on the Company Projections.

Selected Companies Analysis

Macquarie considered certain financial data for the Company and selected companies with publicly traded equity securities Macquarie deemed relevant. The financial data reviewed included:

Enterprise Value as a multiple of Adjusted EBITDA for the last twelve months, or LTM Adjusted EBITDA ;

Enterprise Value as a multiple of estimated Adjusted EBITDA for the calendar year ended December 31, 2018, or CY 2018E Adjusted EBITDA ;

Enterprise Value as a multiple of estimated Adjusted EBITDA for the calendar year ended December 31, 2019, or CY 2019E Adjusted EBITDA ; and

Enterprise Value as a multiple of Cash Income for the last twelve months, or LTM Cash Income .

The selected companies and resulting mean and median data were:

Pearson PLC

Scholastic Corporation

Houghton Mifflin Harcourt Company

K12 Inc.

Cengage Learning Holdings

School Specialty, Inc.

	Enterprise Value/Adjusted EBITDA			Enterprise Value / LTM Cash Income
	LTM	CY2018E	CY2019E	
Mean	7.0x	6.9x	6.1x	10.7x
Median	7.3x	7.4x	5.9x	11.3x

Taking into account the results of the selected companies analysis, Macquarie applied selected multiple ranges of 3.8x to 8.9x to the Company s LTM Adjusted EBITDA, 3.7x to 9.7x to the Company s estimated CY

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2018E Adjusted EBITDA, 3.5x to 8.9x to the Company s estimated CY 2019E Adjusted EBITDA and 7.9x to 13.0x to the Company s LTM Cash Income. The selected companies analysis indicated implied reference ranges per common share of $3.69 to $8.82 based on LTM Adjusted EBITDA, $3.59 to $9.72 based on estimated CY 2018E Adjusted EBITDA, $4.06 to $10.57 based on estimated CY 2019E Adjusted EBITDA and $6.81 to $11.43 based on LTM Cash Income, as compared to the Merger Consideration of $14.50 per common share in the Merger pursuant to the Merger Agreement.

Discounted Cash Flow Analysis

Macquarie performed a discounted cash flow analysis of the Company based on the Company Projections. Macquarie applied a range of terminal value multiples of 6.0x to 10.0x to the Company s LTM 2022E Adjusted EBITDA and discount rates ranging from 7.5% to 9.5%. The discounted cash flow analysis indicated implied value reference ranges per common share of $11.86 to $18.96, as compared to the Merger Consideration of $14.50 per common share in the Merger pursuant to the Merger Agreement.

Other Matters

Macquarie acted as financial advisor to the Company in connection with the Merger and became entitled to a fee of $1,000,000 upon the delivery of its opinion. Macquarie will also receive a transaction fee for its services upon consummation of the Merger based on the value of the transaction, which fee is currently estimated to be approximately $7.1 million. The transaction fee will be reduced by the amount of the opinion fee to the extent previously paid. In addition, the Company agreed to reimburse certain of Macquarie s expenses and to indemnify Macquarie and certain related parties against certain liabilities arising out of its engagement. In the ordinary course of business, Macquarie and its affiliates may acquire, hold, sell or trade debt, equity and other securities and financial instruments (including derivatives, loans and other obligations) of the Company, Parent, any other company that may be involved in the Merger and their respective affiliates (including Veritas and its affiliated investment funds and portfolio companies), for its and their own accounts and for the accounts of its and their customers and, accordingly, may at any time hold a long or short position in such securities or financial instruments. Macquarie and its affiliates provide a wide range of investment banking advice and services, including financial advisory services, securities underwritings and placements, securities sales and trading, brokerage advice and services, and loans. Macquarie and its affiliates have in the past provided investment banking advice and services to affiliates of Parent (including Veritas and its affiliated investment funds and portfolio companies) for which Macquarie or its affiliates have received compensation including, during the last two years, having acted as financial advisor to an affiliate of Parent in connection with its acquisition of the government information technology services business of Harris Corporation in April 2017, having acted as financial advisor to Alion Science and Technology Corporation, an affiliate of Parent, in connection with its acquisition of MacAulay-Brown, Inc. in August 2018 and having participated in offerings of debt securities by certain of affiliates of Parent for which advice and services Macquarie and its affiliates have received aggregate fees of approximately $25 million during such period. Macquarie and its affiliates may in the future provide investment banking advice and services, and may otherwise seek to expand its business and commercial relationships with, the Company, Veritas, Parent and their respective affiliates for which Macquarie would expect to receive compensation. Macquarie and/or its affiliates are also lenders to or participants in one or more of the credit facilities of certain affiliates of Veritas.

Certain Company Forecasts

The Company does not, as a matter of general practice, publicly disclose long-term forecasts or internal projections of its future performance, revenues, earnings, financial condition or other results due to, among other things, the uncertainty underlying assumptions and estimates. However, as part of the preparation for the Board s strategic review

process, Company management developed certain financial forecasts in January 2018 that included Company projections through fiscal year 2022 and incorporated the Company s 2018 fiscal year budget; these projections were updated in the second quarter of 2018 to reflect a revised 2018 projected revenue and

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EBITDA forecast of the Company (the Company Forecasts). The updated forecast projected 2018 revenue of $167.1 million which was in-line with the Company s 2018 fiscal year budget. The 2018 Adjusted EBITDA projection was $50.6 million, which was also in-line with the 2018 budget. The Company Forecasts included projections of the Company only and did not give any effect to the consummation of the VKidz Acquisition.

The Company Forecasts were made available to the Board and the Company s financial advisors, and were made available to, and discussed with, Parent in connection with the process resulting in the execution of the Merger Agreement. The portions of the Company Forecasts set forth below are included in this information statement only because this information was used at the Board s direction by Macquarie in connection with their financial analysis of the proposed transaction. However, the inclusion of such information should not be regarded as an indication that any party considered, or now considers, any of the Company Forecasts to be a reliable prediction of future results. No person has made or makes any representation or warranty to any stockholder of the Company or any other person regarding the information included in the Company Forecasts.

The Company Forecasts are subjective in many respects and are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. Although presented with numerical specificity, the Company Forecasts are based upon and reflect numerous judgments, estimates and assumptions made by the Company s management with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company s business, all of which are difficult to predict and many of which are beyond the Company s control. As such, the Company Forecasts constitute forward-looking statements and are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, including the factors described under Cautionary Statement Regarding Forward-Looking Statements . As a result, we cannot assure you that the estimates and assumptions made in preparing the Company Forecasts will prove accurate, that the projected results will be realized or that actual results will not be significantly higher or lower than projected results. In addition, the Company Forecasts cover multiple years and such information by its nature becomes less reliable with each successive year.

Some or all of the assumptions that have been made regarding, among other things, the occurrence or the timing of certain events or impacts have changed since the date the Company Forecasts were made, and the portions of the Company Forecasts set forth below do not take into account any circumstances or events occurring after the date the applicable forecast was prepared, including the announcement of the Merger and transaction-related expenses. The Company Forecasts do not take into account the effect of any failure of the Merger to occur and should not be viewed as accurate in that context.

The unaudited prospective financial information was not prepared with a view toward complying with Generally Accepted Accounting Principles (GAAP), the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants with respect to the preparation or presentation of prospective financial information. Certain of the unaudited prospective financial information presents financial metrics that were not prepared in accordance with GAAP including EBITDA, Adjusted EBITDA and Cash Income. EBITDA is earnings from operations before interest, income taxes, and depreciation and amortization, Adjusted EBITDA is EBITDA excluding non-operational, non-cash items such as stock-based compensation, merger, acquisition and disposition activities, certain impairment charges, and restructuring charges. Cash Income reduces Adjusted EBITDA for capital expenditures and removes the timing differences for recognition of deferred revenues and related deferred costs. These non-GAAP financial measures may be different from non-GAAP financial measures used by other companies. The Company has not prepared, and neither the Board nor the Company s financial advisors have considered, a reconciliation of these non-GAAP financial measures to applicable GAAP financial measures.

Except to the extent required by applicable federal securities laws, we do not intend, and expressly disclaim any responsibility, to update or otherwise revise the Company Forecasts to reflect circumstances existing after

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the date when the Company prepared the Company Forecasts or to reflect the occurrence of future events or changes in general economic or industry conditions, even in the event that any of the assumptions underlying the Company Forecasts are shown to be in error.

(in thousands)

FYE 12/31	2017	LTM 6/30/18	LTM 9/30/18	2018E	2019E	2020E	2021E	2022E
Revenue	$ 158,184	$ 159,455	$ 160,656	$ 167,110	$ 188,252	$ 217,616	$ 250,293	$ 291,777
% growth	*3.8%*			*5.6%*	*12.7%*	*15.6%*	*15.0%*	*16.6%*
EBITDA	$ 41,369	$ 39,897	$ 40,552	$ 48,967	$ 59,989	$ 73,848	$ 87,584	$ 103,882
% margin	*26%*	*25%*	*25%*	*29%*	*32%*	*34%*	*35%*	*36%*
D&A	$ 20,766	$ 20,380	$ 19,956	$ 20,302	$ 20,900	$ 23,400	$ 25,500	$ 25,500
% of Revenue	*13%*	*13%*	*12%*	*12%*	*11%*	*11%*	*10%*	*9%*
EBIT	$ 20,603	$ 19,517	$ 20,596	$ 28,665	$ 39,089	$ 50,448	$ 62,084	$ 78,382
% margin	*13%*	*12%*	*13%*	*17%*	*21%*	*23%*	*25%*	*27%*
Capital Expenditures	($ 18,160)	($ 17,332)	($ 16,276)	($ 19,416)	($ 21,722)	($ 23,405)	($ 24,283)	($ 25,058)
% of Revenue	*11%*	*11%*	*10%*	*12%*	*12%*	*11%*	*10%*	*9%*
Change in Deferred Revenue	$ 6,195	$ 8,800	$ 11,536	$ 14,491	$ 17,719	$ 19,807	$ 27,534	$ 33,056
Change in Deferred Costs	($ 936)	($ 1,078)	($ 1,490)	($ 3,495)	($ 1,650)	($ 2,098)	($ 3,362)	($ 4,270)
Adjusted EBITDA	$ 48,965	$ 48,608	$ 50,216	$ 50,605	$ 59,789	$ 73,648	$ 87,384	$ 103,682
% margin	*31%*	*30%*	*31%*	*30%*	*32%*	*34%*	*35%*	*36%*

The Company s stockholders are urged to review the Company s most recent SEC filings for a description of the Company s reported results of operations, financial condition and capital resources as of, and for the fiscal year ended, December 31, 2017, and as of, and for the nine months ended, September 30, 2018. See Where You Can Find Additional Information beginning on page 81.

For the foregoing reasons, as well as the bases and assumptions on which the unaudited prospective financial information was compiled, the inclusion of the Company s unaudited prospective financial information in this information statement should not be regarded as an indication that such information will be predictive of future results or events nor construed as financial guidance, and it should not be relied on as such or for any other purpose whatsoever.

THE COMPANY HAS NOT UPDATED AND DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE PROSPECTIVE FINANCIAL INFORMATION SET FORTH ABOVE, INCLUDING, WITHOUT LIMITATION, TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE SUCH INFORMATION WAS PREPARED OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, INCLUDING, WITHOUT LIMITATION, CHANGES IN GENERAL ECONOMIC, REGULATORY OR INDUSTRY CONDITIONS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS

UNDERLYING THE PROSPECTIVE FINANCIAL INFORMATION ARE NO LONGER APPROPRIATE.

Financing

Parent estimates the total amount of funds necessary to complete the Merger and the related transactions to be approximately $881 million, which includes approximately $708 million to be paid to Company stockholders and holders of other equity-based interests in the Company, with the remainder to be applied to refinancing the Company s debt, satisfying certain of the Company s obligations and to pay related fees and expenses in connection with the Merger, the financing arrangements and the related transactions. Parent has received equity financing commitments from the Equity Investor and debt financing commitments from the Commitment Parties. Notwithstanding such arrangements, the obligations of Parent and Merger Sub under the Merger Agreement are not subject to any financing condition.

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Equity Financing

Parent has entered into an Equity Commitment Letter with the Equity Investor, dated October 12, 2018, pursuant to which the Equity Investor has agreed to provide committed equity financing of no less than $431,000,000 to Parent as a source of a portion of the funds required to consummate the transactions contemplated by the Merger Agreement. The obligations of the Equity Investor to provide the equity financing on the terms outlined in the Equity Commitment Letter are subject to consummation of the debt financing described below and the substantially simultaneous consummation of the Merger on the terms set forth in the Merger Agreement, among other conditions. See The Merger Agreement Conditions to Completion of the Merger beginning on page 66.

Debt Financing

Parent has received the debt financing commitments made by the Commitment Parties under the Debt Commitment Letter pursuant to which the Commitment Parties have committed to provide a $320 million first lien secured term loan facility (the First Lien Term Facility), a $50 million senior secured revolving facility (the Revolving Credit Facility) and a $130 million second lien secured term loan facility (the Second Lien Term Facility, together with the First Lien Term Facility, the Term Loan Facilities, and collectively with the Revolving Credit Facility, the Facilities), of which an amount to be agreed in the definitive documentation (the Company Financing) will be available on the closing date to finance the Transactions, contemplated by the Merger Agreement, which is to be provided by a syndicate of lenders (the Lenders) to be arranged by the Commitment Parties.

The obligation of the Commitment Parties to provide the Company Financing on the terms outlined in the Debt Commitment Letter is subject to the satisfaction (or waiver) of the following conditions, among others:

the payment of all fees payable pursuant to an amended and restated fee letter, dated October 24, 2018, between the Commitment Parties and Parent and Merger Sub, and reasonable and documented out-of-pocket expenses required to be paid pursuant to the Debt Commitment Letter to the extent invoiced at least three business days prior to the consummation of the Merger;

Merger Sub and the Company and their subsidiaries acquired in the Merger shall have provided to Lenders the documentation and other information theretofore requested in writing by such Lenders at least ten (10) business days prior to the closing date that is required by regulatory authorities under applicable know your customer and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act and a certification regarding beneficial ownership required by the Beneficial Ownership Regulation;

the making of certain Merger Agreement representations and credit facility representations consistent with the Debt Commitment Letter;

the preparation, negotiation, execution and delivery by Merger Sub and its subsidiaries of definitive documentation with respect to the Facilities consistent with the Debt Commitment Letter;

the Commitment Parties shall have received the following: (i) customary legal opinions, (ii) customary officer certificates, (iii) good standing certificates (to the extent applicable) in the respective jurisdictions of organization of the borrower and the guarantors, (iv) a solvency certificate, substantially in the form attached thereto certifying that the borrower and its subsidiaries, on a consolidated basis after giving effect to the transaction contemplated hereby, are solvent, (v) resolutions of the borrower and the guarantors, (vi) certificated charter documents of the borrower and the guarantors and (vii) evidence of insurance;

the consummation of the Merger substantially and concurrently with the initial borrowing under the Facilities in all material respects in accordance with the terms of the Merger Agreement and all other related documentation (without amendment, modification or express waiver thereof or consent thereto that is materially adverse to the initial lenders under and as defined in the Debt Commitment Letter without the consent of the Lead Arrangers under the Debt Commitment Letter);

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the absence of any fact, circumstance, occurrence, effect, change, event or development since October 12, 2018, that has had or would reasonably be expected to have a Company Material Adverse Effect (as defined in the Merger Agreement);

the Commitment Parties shall have received the following financial statements for the acquired business: (i) audited financial statement of income and cash flows for the acquired business for the fiscal year ended December 31, 2017, (ii) combined audited balance sheet for the acquired business for the fiscal year ended December 31, 2017, (iii) unaudited statements of income, balance sheet and cash flows for the acquired business for each fiscal quarter subsequent to December 31, 2017 and ended at least forty five (45) days prior to the closing date, and (iv) a *pro forma* combined consolidated balance sheet and related *pro forma* combined consolidated statement of income of holdings as of and for the twelve (12) month period ending on the latest balance sheet date described in the foregoing clause (iii), prepared after giving effect to the Merger and other Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of the statement of income) which need not be prepared in compliance with Regulation S-X of the Securities Act of 1933, as amended (the Securities Act), or include adjustments for purchase accounting (including adjustments of the type contemplated by Financial Accounting Standard Board Accounting Standards Codification 805, *Business Combinations* (formerly SFAS 141R)). Notwithstanding the foregoing, the obligations in clause (i), (ii) or (iii) may be satisfied with respect to financial information of the acquired business by furnishing to the Commitment Parties the acquired business s Form 10-K or 10-Q, as applicable, filed with the SEC, in each case, for the time periods specified in such paragraphs and to the extent such information is contained in such filed Form 10-K or 10-Q, as applicable; and

the Lead Arrangers shall have been afforded a period of at least fifteen (15) consecutive business days following receipt of the financial statements described above to market the Facilities, subject to certain customary blackout periods.

Although the debt financing described in this information statement is not subject to the Commitment Parties , Lead Arrangers or Lenders satisfaction with their due diligence, such financing might not be funded on the scheduled closing date of the Merger because of failure to meet the closing conditions to the Company Financing. As of the date of this information statement, no alternative financing arrangements or alternative financing plans have been made for the purpose of consummating the Merger. The definitive documentation governing the debt financing facilities has not been finalized, and accordingly, the actual terms may differ from those described in this information statement.

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Interests of Our Directors and Officers and Certain Stockholders in the Merger

Stock held by our Directors and Named Executive Officers

As of November 1, 2018, our directors and named executive officers and their affiliates beneficially owned approximately 68.7% of our outstanding Common Stock, excluding shares that may be acquired through the exercise of Company Options. The following table summarizes the shares of Common Stock beneficially owned as of November 1, 2018 by our named executive officers and directors (excluding shares that may be acquired through the exercise of Company Options, which are summarized below) and the consideration that each of them will receive pursuant to the Merger Agreement in connection with the ownership of their shares.

	Shares of Common Stock Owned (#)	Resulting Consideration to be Paid at Completion of Merger ($)
Named Executive Officers:		
John Campbell	2,704	39,208
Barbara Benson		
Joe Walsh		
Directors:		
David F. Bainbridge[(1)]	32,334,595	468,851,628
Walter G. Bumphus	29,358	425,691
Clifford K. Chiu	53,000	768,500
Carolyn Getridge	1,439	20,866
Thomas Kalinske	64,030	928,435
Jeffrey T. Stevenson[(1)]	32,334,595	468,851,628

(1) By virtue of their positions within VSS and by virtue of VSS equity interest in VSS-Cambium, Messrs. Stevenson and Bainbridge each may be deemed to share investment and voting control with respect to the 32,334,595 shares of Common Stock owned by VSS-Cambium.

Relationships with VSS/the Cambium Majority Stockholder

Messrs. Stevenson and Bainbridge are members of our Board, and serve as Managing Partner and Managing Director, respectively, of VSS. VSS-Cambium, the Cambium Majority Stockholder, and VSS-VKidZ, the VKidz Majority Stockholder, are affiliates of VSS. VSS-Cambium is the beneficial owner of 32,334,595 shares of Common Stock, and VSS-VKidZ is the beneficial owner of 3,000,000 shares of VKidz common stock.

Consummation of the Merger triggers certain previously negotiated transaction fees, plus reimbursement of related expenses, payable by the Company to VSS or its designee, and consummation of the VKidz Acquisition triggers certain previously negotiated transaction fees, plus reimbursement of related expenses, payable by VKidz to VSS-VKidZ or its affiliated designee. The aggregate amount of such transactions fees from both the Merger and the VKidz Acquisition payable to VSS and its related affiliates is equal to approximately $7,876,000, subject to adjustment.

In connection with the consummation of the VKidz Acquisition, VSS-VKidZ is entitled to receive consideration in an aggregate amount of approximately $46,519,800, subject to adjustment as set forth in the VKidz Purchase Agreement and plus repayment of certain debt obligations.

For his services as Executive Chairman of the Board, on June 17, 2013, Mr. Walsh was granted certain profits interests in VSS-Cambium Holdco that would entitle him to a portion of the realized return on the investment in the Company made by VSS-affiliated funds equal to approximately $11,370,000, payable by VSS-Cambium Holdco upon consummation of the Merger. Mr. Walsh is no longer an employee of the Company, but remains Chairman of the Board.

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Arrangements with Parent

As of the date of this information statement, none of our executive officers has entered into any agreement with Parent or any of its affiliates regarding employment with, or the right to purchase or participate in the equity of, the Company, as the surviving corporation of the Merger (the Surviving Corporation) or one or more of its affiliates. Prior to or following the closing of the Merger certain of our executive officers may have discussions, or may enter into agreements with, Parent, Merger Sub, the Surviving Corporation or their respective affiliates regarding employment with the Surviving Corporation or one or more of its affiliates. Additionally, prior to or following the closing of the Merger, certain of our executives may have discussions regarding the potential opportunity to purchase a portion of the equity of an affiliate of Parent following the closing of the Merger.

Indemnification; Insurance

The Merger Agreement provides that, following the Effective Time, the surviving corporation and Parent will indemnify and hold harmless and advance expenses to all past and present directors, officers and employees of the Company or any of its subsidiaries as set forth in, and in no event on terms less favorable than, those contained in the organizational documents of the Company or its applicable subsidiary in effect as of October 12, 2018, subject to applicable law, for acts or omissions occurring at or prior to the Effective Time, or in connection with the process resulting in and the adoption of the Merger Agreement.

For a period of six (6) years after the Effective Time, except as required by applicable law, the certificate of incorporation and bylaws of the surviving corporation shall contain provisions no less favorable with respect to exculpation, indemnification of and advancement of expenses for periods at or prior to the Effective Time than were set forth in the Company organizational documents as of October 12, 2018. Following the Effective Time, the indemnification agreements, if any, in existence on the date hereof with any of the directors, officers or employees of the Company or any of its subsidiaries shall be assumed by the surviving corporation, without any further action, and shall continue in full force and effect in accordance with their terms.

In addition, for a period of six (6) years after the Effective Time, Parent will or will cause the surviving corporation to maintain for the benefit of the past and present directors and officers of the Company and its subsidiaries an insurance and indemnification policy that provides coverage for events occurring prior to the Effective Time that is substantially equivalent to and in any event not less favorable in the aggregate than the existing policies of the Company and its subsidiaries; provided, however, that Parent and the surviving corporation will not be required to pay an aggregate premium in excess of 300% of the annual premiums currently paid by the Company. The provisions of the immediately preceding sentence shall be deemed to have been satisfied if prepaid tail directors and officers liability insurance policies have been obtained prior to the Effective Time which policies provide coverage to each person currently covered by the Company s and the Company s subsidiaries directors and officers liability insurance coverage in effect on October 12, 2018 on terms that are no less favorable than those of the Company s and the Company s subsidiaries directors and officers insurance coverage in effect on October 12, 2018 for an aggregate period of at least six (6) years from and after the Effective Time with respect to claims arising from actions and omissions that occurred on or before the Effective Time, including in respect of the transactions contemplated by this Agreement.

Treatment of Equity-Based Awards

At the Effective Time of the Merger, each Company Option to acquire shares of our Common Stock that is outstanding immediately prior to the Effective Time of the Merger, whether or not then vested or exercisable, will be cancelled and converted into the right to receive, as promptly as practicable (but no later than five (5) business days) after the Effective Time, an amount in cash, without interest and less such amounts as are required to be deducted

under applicable tax law with respect to making such payments, equal to the product of (x) the aggregate number of shares of our Common Stock subject to such Company Option and (y) the excess, if any, of the Merger Consideration over the per-share exercise price under such option.

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The following table summarizes the aggregate number of Company Options held by our directors and named executive officers as of November 1, 2018, and the consideration that each of them will receive pursuant to the Merger Agreement in connection with the ownership of such Company Options.

	Number of Shares Underlying Stock Options (#)[1]	Exercise Price of Options ($)	Resulting Consideration to be Paid at Completion of Merger ($)
Named Executive Officers			
John Campbell	250,000	1.30	3,300,000
	100,000	2.14	1,236,000
	35,000	4.50	350,000
	25,000	5.00	237,500
	100,000	6.31	819,000
Barbara Benson	32,000	1.30	422,400
	10,000	2.14	123,600
	13,400	2.96	154,636
	20,000	4.50	200,000
	4,000	4.77	38,920
	10,000	5.00	95,000
	10,000	5.42	90,800
	10,000	9.16	53,400
Joe Walsh			
Non-Employee Directors			
David F. Bainbridge			
Walter G. Bumphus			
Clifford K. Chiu			
Carolyn Getridge	100,000	1.30	1,320,000
Thomas Kalinske			
Jeffrey T. Stevenson			

(1) Each Company Option, whether vested or unvested, at the Effective Time of the Merger, will be cancelled without any action required on the part of the holder in consideration for the right to receive a cash payment equal to the product of (a) the number of shares of Common Stock subject to such Company Options immediately prior to the Effective Time and (b) the excess, if any, of the Merger Consideration over the exercise price per share of Common Stock subject to such Company Option. The Board has unanimously resolved that all unvested Company Options outstanding immediately prior to the Effective Time will accelerate at the Effective Time.

Severance

The Company previously entered into an employment agreement with each of Mr. Campbell and Ms. Benson. Under each of their employment agreements, in the event of a termination of employment without Cause (other than due to death or disability), as set forth in their respective employment agreements, Ms. Benson and Mr. Campbell are entitled

to (i) receive an amount equal to six (6) months and twelve (12) months, respectively, of then-current salary, payable in equal installments in accordance with the Company s regular payroll schedule subject to execution and non-revocation of a release of claims, and commencing on the first regularly scheduled payroll date following the date the release of claims is no longer subject to revocation, and subject to a dollar for dollar reduction, if, and in the amount which, Ms. Benson or Mr. Campbell, as applicable, receives compensation or other remuneration from employment or the performance of service during the period of such salary continuation, and (ii) subject to payment of required premiums, continued participation in all medical, dental and vision plans which cover Ms. Benson or Mr. Campbell, as

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applicable (including his or her eligible dependents) as of the date of termination of employment for six (6) months or twelve (12) months, respectively, following the effective date of such termination (or earlier if he or she becomes eligible for coverage from a new employer) upon the same terms and conditions in effect for active employees. To the extent such COBRA coverage cannot be provided at active employee rates, the Company shall reimburse Ms. Benson or Mr. Campbell, as applicable, for any costs paid in excess of the active employee rate.

Receipt of severance benefits under the applicable employment agreement is in lieu of any other severance benefits that Mr. Campbell or Ms. Benson would have been eligible to receive from the Company or its affiliates. The Company can recover any such severance benefits in the event the Company ever determines that any action or inaction by the applicable individual constituted grounds for termination for Cause.

Mr. Campbell and Ms. Benson are required to comply with certain post-employment restrictive covenants, including an indefinite confidentiality obligation and twelve (12) month post-termination non-competition and non-solicitation of employees and business covenants. Failure to comply with the foregoing will result in cessation of severance payments and benefits.

Cause means, in general, for each of Mr. Campbell and Ms. Benson, (i) any act of theft, fraud or misappropriation of funds or property of the Company or any of its affiliates; (ii) conviction of, or pleading of guilty to, a felony or any crime involving moral turpitude; (iii) any willful misconduct or gross negligence by the applicable individual that is materially injurious, directly or indirectly, in any respect to the Company or any of its subsidiaries; (iv) any material violation of the applicable individual s obligations under his or her confidentiality agreement with the Company; or (v) any breach by the applicable individual of his or her employment agreement, including, without limitation, failure to resign from all offices and positions held at the Company and/or its affiliates if employment with the Company terminates for any reason. Cause shall not be deemed to exist under clause (iii) above unless the Company shall, to the extent such act or omission can be rescinded or cured (as determined by the Company), have given written notice to the applicable individual specifying in reasonable detail his or her acts or omissions that the Company alleges would constitute Cause and the applicable individual has failed to rescind any such act or cure any such omission within ten (10) days after delivery of the notice.

Golden Parachute Compensation

In accordance with Item 402(t) of Regulation S-K, the table below entitled Golden Parachute Compensation sets forth the estimated amounts of compensation that are based on or otherwise relate to the Merger that may become payable to each of our named executive officers.

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The amounts indicated below are estimates of the amounts that would be payable assuming, solely for purposes of this table, that (i) the Merger Consideration is $14.50 per share, (ii) except as otherwise indicated below, the closing date of the Merger is November 8, 2018, the latest practicable date prior to the filing of this information statement, and (iii) the employment of each of the named executive officers is terminated by the Company without cause immediately following consummation of the Merger. In addition, these estimates are based on certain other assumptions that are described in the footnotes accompanying the table below. Accordingly, the ultimate values to be received by a named executive officer in connection with the Merger may materially differ from the amounts set forth below.

Golden Parachute Compensation

Name/Position[(a)]	Cash ($)[(b)]	Equity ($)[(c)]	Perquisites /Benefits ($)[(d)]	Other ($)	Total ($)
John Campbell *Chief Executive Officer*	440,000	1,061,969	8,468		1,510,437
Barbara Benson *Chief Financial Officer*	120,010	225,154	4,234		349,398
Joe Walsh *Executive Chairman*					

(a) Mr. Walsh resigned from his position as an employee of the Company and our Executive Chairman on February 2, 2018, but remains Chairman of the Board.

(b) The dollar amounts in this column represent the estimated maximum amount of cash severance payable by the Company to each of our named executive officers assuming (A) each is terminated without cause (other than due to death or disability) immediately following consummation of the Merger and (B) such severance is continued for six or twelve months for Ms. Benson and Mr. Campbell, respectively, without any reduction for compensation or other remuneration from any employment or the performance of services during the period of such salary continuation payments. These cash severance amounts are not required to be quantified in the table above by Item 402(t) of Regulation S-K because such payments are triggered solely by a termination of employment, regardless of the occurrence of a change in control, and therefore they are not based on and do not relate to the Merger. However, we have quantified such severance payments in the above table for purposes of completeness. For more information, see Interests of our Directors and Officers and Certain Stockholders in the Merger Severance beginning on page 41.

(c) The amounts in this column represent the aggregate dollar amount payable with respect to Company Options held by our named executive officers in connection with the Merger. Outstanding Company Options will, pursuant to the Merger Agreement, accelerate and be cancelled and converted into the right to receive a cash payment (less applicable withholdings) equal to the excess, if any, of the Merger Consideration over the exercise price per share subject to such option less the employee portion of any applicable taxes required to be withheld or paid with respect thereto. Mr. Campbell holds 510,000 options and Ms. Benson holds 109,400 options. Under the terms of a stock option agreement evidencing 100,000 of Mr. Campbell s options, the proceeds with respect to 25,000 of such options would be placed in a deposit account to be established and paid for by VSS-Cambium or a designee of VSS-Cambium and would be payable to Mr. Campbell (without interest thereon) within five (5) business days after the later of (i) either (A) the one year anniversary of consummation of the Merger, subject to Mr. Campbell s

continued employment with the Company (or a parent or subsidiary of the Company) through such date or (B) termination of Mr. Campbell s employment without Cause, by Mr. Campbell for Good Reason , or due to Mr. Campbell s death or Disability , as set forth in the grant agreement evidencing such options prior to such date, and (ii) Mr. Campbell s execution and delivery to VSS-Cambium of a general release in favor of VSS-Cambium and its affiliates, general, limited and other partners, officers, managers, employees and agents and their respective successors and assigns, in form and substance acceptable to VSS-Cambium.

Such 25,000 options are referred to herein as the Contingent Options. Notwithstanding the foregoing, the Contingent Options will accelerate as of the time of the Merger and be cancelled and converted into the right to receive a cash payment (less applicable withholdings) equal to the excess, if any, of the Merger

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Consideration over the exercise price per share subject to such option less the employee portion of any applicable taxes required to be withheld or paid with respect thereto. within five (5) business days of the closing. Amounts payable with respect to stock options held by our named executive officers, including the Contingent Options, may be characterized as single trigger because they are payable upon the closing of the Merger. Had the amounts payable with respect to the Contingent Options not been accelerated, such amounts should have been characterized as dual trigger to the extent payment would have been triggered by a termination without Cause or resignation for Good Reason following the closing of the Merger. For more information, see Interests of our Directors and Executive Officers in the Merger Treatment of Equity-Based Awards beginning on page 40.

(d) The dollar amounts in this column represent the estimated maximum cost to the Company of continuation of medical benefits to Mr. Campbell and Ms. Benson, assuming (i) each is terminated without cause (other than due to death or disability) immediately following consummation of the Merger, and (ii) such medical benefits are continued for six (6) or twelve (12) months for Ms. Benson and Mr. Campbell, respectively. These benefits are not required to be quantified in the table above by Item 402(t) of Regulation S-K because such payments are triggered solely by a termination of employment, regardless of the occurrence of a change in control, and therefore they are not based on and do not relate to the Merger. However, we have quantified such benefits in the above table for purposes of completeness. For more information, see Interests of our Directors and Officers in the Merger Severance beginning on page 41.

Appraisal Rights

If the Merger is completed, holders of Common Stock, other than VSS-Cambium or any other holder of Common Stock who has waived appraisal rights, may elect to pursue their appraisal rights under the DGCL to receive, in lieu of the Merger Consideration, the fair value of their shares, as determined by the Court of Chancery of the State of Delaware, but only if such holders comply with the procedures set forth in Section 262 of the DGCL. The fair value of shares of Common Stock, as determined in accordance with Delaware law, may be more or less than, or the same as, the Merger Consideration to be paid to non-dissenting stockholders in the Merger. To exercise these rights, stockholders must make a written demand for appraisal on or prior to , 2018, which is the date that is 20 days following the mailing of this information statement, and otherwise comply precisely with the procedures set forth in Section 262 of the DGCL. Failure to follow the procedures set forth in Section 262 of the DGCL will result in the loss of appraisal rights. These procedures are described in this information statement, and a copy of Section 262 of the DGCL is reproduced in its entirety and included as **Annex C** to this information statement. See Appraisal Rights beginning on page 73.

Delisting and Deregistration of Common Stock

If the Merger is completed, our Common Stock will be delisted from Nasdaq and deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC on account of the Common Stock.

Regulatory and Other Governmental Approvals

Under the HSR Act and related rules, certain acquisitions of voting securities or assets may not be consummated unless certain information has been furnished to the Federal Trade Commission (the FTC) and the Antitrust Division of the Department of Justice (the Antitrust Division), and after furnishing such information, the applicable waiting period requirements have been satisfied. Completion of the Merger is subject to the expiration or termination of the applicable waiting period (and any extension thereof) under the HSR Act. On October 26, 2018, both the Company and Parent filed their respective HSR Notification and Report Forms with the Antitrust Division and the FTC. On November 2, 2018, the Company and Parent received early termination of the waiting period under the HSR Act in connection with the Merger.

In addition, non-U.S. regulatory bodies and U.S. state attorneys general could take action under the antitrust laws as they deem necessary or desirable in the public interest, including, without limitation, seeking to enjoin

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the completion of the Merger or permitting completion subject to regulatory conditions. Private parties may also seek to take legal action under the antitrust laws under some circumstances. Although neither the Company nor Parent believes that the Merger will violate the antitrust laws, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

If necessary to obtain the requisite antitrust clearances, Parent has agreed to use its reasonable best efforts to (i) propose, negotiate, commit to, effect and agree to, by consent decree, hold separate order, or otherwise, the sale, divestiture, license, holding separate and other disposition of and restriction on the businesses, assets, properties, product lines, and equity interests of, or changes to the conduct of business of, the Company, Parent and their respective affiliates (including the surviving corporation), (ii) create, terminate, or divest relationships, ventures, contractual rights or obligations of the Company or Parent or their respective affiliates, and (iii) otherwise take or commit to take any action that would limit Parent s freedom of action with respect to, or its ability to retain or hold, directly or indirectly, any businesses, assets, equity interests, product lines or properties of, Parent or the Company (including any of their respective affiliates).

Except as have been obtained, there are no other federal or state regulatory requirements or approvals that must be complied with or obtained that are conditions to the consummation of the Merger.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO HOLDERS OF COMMON STOCK

The following discussion is a summary of material United States federal income tax consequences to beneficial owners of shares of Common Stock exchanged for cash pursuant to the Merger. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a stockholder in light of its particular circumstances. In addition, this summary does not describe any tax consequences arising under the laws of any state, local or foreign jurisdiction and does not consider any aspects of U.S federal tax law other than income taxation. This summary deals only with shares of Common Stock held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment), and does not address tax considerations applicable to any holder of shares of Common Stock that may be subject to special treatment under the U.S. federal income tax laws, including:

a bank or other financial institution;

a tax-exempt organization;

a retirement plan or other tax-deferred account;

a partnership, an S corporation or other pass-through entity (or an investor in a partnership, S corporation or other pass-through entity);

an insurance company;

a mutual fund;

a real estate investment trust;

a dealer or broker in stocks and securities, or currencies;

a trader in securities that elects mark-to-market method of tax accounting;

a stockholder subject to the alternative minimum tax provisions of the Code;

a stockholder that received shares through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;

a person that is subject to Section 1061 of the Code;

a person that has a functional currency other than the U.S. dollar;

a person that holds the shares of Common Stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction;

certain former U.S. citizens or long-term residents;

any holder of shares of Common Stock that entered into a non-tender and support agreement as part of the transactions described in this information statement; or

any holder of shares of Common Stock that beneficially owns, actually or constructively, or at some time during the 5-year period ending on the date of the Merger has beneficially owned, actually or constructively, more than 5% of the total fair market value of the shares of Common Stock.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of Common Stock, the tax treatment of a holder that is a partner in the partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. Such holders should consult their own tax advisors regarding the tax consequences of exchanging the shares of Common Stock pursuant to the Merger.

This summary is based on the Code, the Treasury regulations promulgated under the Code, and rulings and judicial decisions, all as in effect as of the date of this information statement, and all of which are subject to

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change or differing interpretations at any time, with possible retroactive effect. We have not sought, and do not intend to seek, any ruling from the U.S. Internal Revenue Service (the IRS) with respect to the statements made and the conclusions reached in the following summary, and no assurance can be given that the IRS will agree with the views expressed herein, or that a court will not sustain any challenge by the IRS in the event of litigation. This discussion does not address the U.S. federal income tax consequences to holders of shares of Common Stock who exercise appraisal rights under Delaware law.

THE DISCUSSION SET OUT HEREIN IS INTENDED ONLY AS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO A HOLDER OF SHARES OF COMMON STOCK. WE URGE YOU TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES TO YOU IN CONNECTION WITH THE MERGER IN LIGHT OF YOUR OWN PARTICULAR CIRCUMSTANCES, INCLUDING U.S. FEDERAL ESTATE, GIFT AND OTHER NON-INCOME TAX CONSEQUENCES, AND TAX CONSEQUENCES UNDER STATE, LOCAL OR FOREIGN TAX LAWS.

U.S. Holders

For purposes of this discussion, the term U.S. holder means a beneficial owner of shares of Common Stock that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation (or any other entity or arrangement treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has validly elected to be treated as a United States person under applicable Treasury regulations.

Payments with Respect to Shares of Common Stock

The exchange of shares of Common Stock for cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes, and a U.S. holder who receives cash for shares of Common Stock pursuant to the Merger generally will recognize gain or loss, if any, equal to the difference between the amount of cash received (determined before the deduction of any applicable withholding taxes, as described below under Backup Withholding Tax) and the holder s adjusted tax basis in the shares of Common Stock exchanged therefor. A U.S. holder s adjusted tax basis will generally equal the price the U.S. holder paid for such shares. Gain or loss generally will be determined separately for each block of shares of Common Stock (i.e., shares of Common Stock acquired at the same cost in a single transaction) held by such U.S. holder. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if such U.S. holder s holding period for the shares of Common Stock is more than one year at the

time of the exchange. Long-term capital gain recognized by a non-corporate U.S. holder generally is eligible for reduced rates of taxation. There are limitations on the deductibility of capital losses. In addition, a 3.8% tax is imposed on all or a portion of the net investment income (within the meaning of the Code) of certain individuals and on the undistributed net investment income of certain estates and trusts. The 3.8% tax generally is imposed on the lesser of (1) the U.S. holder s net investment income for the relevant taxable year and (2) the excess of the U.S. holder s modified adjusted gross income for the taxable year above a certain threshold. A U.S. holder s net investment income generally will include any gain recognized on the receipt of cash for shares pursuant to the Merger. U.S. holders that are individuals, estates or trusts should consult their tax advisors regarding the applicability of the net investment income tax to their gain from the disposition of shares of Common Stock.

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Backup Withholding Tax

Proceeds from the exchange of shares of Common Stock pursuant to the Merger generally will be subject to backup withholding tax at the applicable rate (currently, 24%) unless the applicable U.S. holder or other payee provides a valid taxpayer identification number and complies with certain certification procedures (generally, by providing a properly completed IRS Form W-9) or otherwise establishes an exemption from backup withholding tax. Any amounts withheld under the backup withholding tax rules from a payment to a U.S. holder will be allowed as a credit against that holder s U.S. federal income tax liability and may entitle the holder to a refund from the IRS, provided that the required information is timely furnished to the IRS. Each U.S. holder should complete and sign the IRS Form W-9, which will be included with the letter of transmittal to be returned to the transfer agent, to provide the information and certification necessary to avoid backup withholding tax, unless an exemption applies and is established in a manner satisfactory to the transfer agent.

Non-U.S. Holders

The following is a summary of material U.S. federal income tax consequences that will apply to you if you are a non-U.S. holder of shares of Common Stock. The term non-U.S. holder means a beneficial owner of shares of Common Stock that is not a U.S. holder (as described above). Non-U.S. holders generally include nonresident alien individuals, foreign corporations and foreign estates and trusts. Special rules, not discussed herein, may apply to certain non-U.S. holders, such as:

certain former citizens or residents of the United States;

controlled foreign corporations;

passive foreign investment companies;

corporations that accumulate earnings to avoid U.S. federal income tax;

investors in pass-through entities that are subject to special treatment under the Code; and

non-U.S. holders that are engaged in the conduct of a trade or business in the United States.

Payments with Respect to Shares of Common Stock

Payments made to a non-U.S. holder with respect to shares of Common Stock exchanged for cash pursuant to the Merger generally will be exempt from U.S. federal income tax unless:

the non-U.S. holder is an individual who was present in the United States for 183 days or more during the taxable year of the Merger and certain other conditions are satisfied;

the gain is effectively connected with the non-U.S. holder s conduct of a trade or business in the United States, and, if required by an applicable tax treaty, attributable to a permanent establishment maintained by the holder in the United States; or

the Company is or has been a United States real property holding corporation, or a USRPHC, for U.S. federal income tax purposes at any time during the shorter of the 5-year period ending on the date of exchange of the shares of Common Stock or the period that the non-U.S. holder held the shares of Common Stock, and the non-U.S. holder held (directly or indirectly), at any time within the five-year period preceding the Merger, more than 5% of the Common Stock.

Gain described in the first bullet point above generally will be subject to tax at a flat rate of 30% (or such lower rate as may be specified under an applicable income tax treaty) on any gain from the exchange of the shares of Common Stock, which may be offset by applicable U.S.-source losses from sales or exchanges of other capital assets recognized by the holder during the year, even though the individual is not considered a resident of the United States, provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. Unless a tax treaty provides otherwise, gain described in the second bullet point above will be

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subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a resident of the United States. Non-U.S. holders that are foreign corporations also may be subject to a 30% (or applicable lower treaty rate) branch profits tax on effectively connected earnings and profits, as adjusted for certain items. Non-U.S. holders are urged to consult any applicable tax treaties that may provide for different rules.

With respect to the third bullet point above, the determination whether the Company is a USRPHC depends on the fair market value of its United States real property interests relative to the fair market value of its other trade or business assets and its foreign real property interests. If the exception described in the third bullet point above applies, a non-U.S. holder may be subject to regular U.S. federal income tax with respect to its gain in the same manner as U.S. holders, as described above under U.S. Holders, and payments to such stockholder pursuant to the Merger may be subject to withholding at a 15% rate. The Company does not believe that it is a USRPHC, but it may have been a USRPHC within the 5-year period ending on the date of the Merger. Even if the Company were to be treated as a USRPHC, because the Common Stock is regularly traded on an established securities market, a non-U.S. holder would not be subject to regular U.S. federal income tax with respect to its gain under the third bullet point above unless the non-U.S. holder actually or constructively owned more than 5% of the Common Stock at any time during the past five years.

Backup Withholding Tax

A non-U.S. holder may be subject to backup withholding tax with respect to the proceeds from the disposition of shares of Common Stock pursuant to the Merger, unless, generally, the non-U.S. holder certifies under penalties of perjury on an appropriate IRS Form W-8 that such non-U.S. holder is not a United States person, or the non-U.S. holder otherwise establishes an exemption in a manner satisfactory to the transfer agent. Non-U.S. holders should consult with their own tax advisors regarding the certification requirements for non-United States persons.

Any amounts withheld under the backup withholding tax rules generally will be allowed as a refund from the IRS or a credit against the non-U.S. holder s U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

THE TAX CONSEQUENCES OF THE MERGER TO YOU WILL DEPEND ON YOUR INDIVIDUAL FACTS AND CIRCUMSTANCES. YOU ARE STRONGLY URGED TO CONSULT YOUR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE MERGER TO YOU.

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THE MERGER AGREEMENT

This section describes the material terms of the Merger Agreement. For additional information, please refer to the complete text of the Merger Agreement, a copy of which is attached as **Annex A** and is incorporated by reference into this information statement. The Company encourages you to read the Merger Agreement carefully and in its entirety. This section is not intended to provide you with any factual information about the Company. Such information can be found elsewhere in this information statement and in the public filings the Company makes with the SEC, as described in the section entitled, Where You Can Find Additional Information beginning on page 81.

Explanatory Note Regarding the Merger Agreement

The following summary of the Merger Agreement, and the copy of the Merger Agreement attached as **Annex A** to this information statement, are intended to provide information regarding the terms of the Merger Agreement and are not intended to provide any factual information about Company or modify or supplement any factual disclosures about Company in its public reports filed with the SEC. In particular, the Merger Agreement and the related summary are not intended to be, and should not be relied upon as, disclosures regarding any facts and circumstances relating to the Company. The Merger Agreement contains representations and warranties by and covenants of the Company, Parent and Merger Sub which were made only for purposes of that agreement and as of specified dates. The representations, warranties and covenants in the Merger Agreement were made solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, and may be subject to contractual standards of materiality or material adverse effect applicable to the contracting parties that generally differ from those applicable to investors. In addition, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the Company s public disclosures. The representations, warranties and covenants in the Merger Agreement and any descriptions thereof should be read in conjunction with the disclosures in the Company s periodic and current reports, information statements and other documents filed with the SEC. See Where You Can Find Additional Information beginning on page 81. Moreover, the description of the Merger Agreement below does not purport to describe all of the terms of such agreement and is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached hereto as **Annex A** and is incorporated herein by reference.

Additional information about the Company may be found elsewhere in this information statement and the Company s other public filings. See Where You Can Find Additional Information beginning on page 81.

Structure of the Merger; Certificate of Incorporation; Bylaws; Directors and Officers

At the Effective Time, Merger Sub will merge with and into the Company, and the separate corporate existence of Merger Sub will cease. The Company will be the surviving corporation in the Merger and will continue its corporate existence as a Delaware corporation and as a wholly-owned subsidiary of Parent.

The certificate of incorporation and bylaws of the Company shall be amended and restated in their entirety to read in the form attached to the Merger Agreement as Exhibits A and B, respectively. The individuals serving as directors of Merger Sub immediately prior to the Effective Time will become the initial directors of the surviving corporation, and the individuals holding positions as officers of the Company immediately prior to the Effective Time will become the initial officers of the surviving corporation.

When the Merger Becomes Effective

The closing of the Merger will take place at the offices of Lowenstein Sandler LLP, 1251 Avenue of the Americas, New York, New York 10020 at 10:00 a.m., local time, on (a) the second business day after the

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satisfaction or waiver (to the extent permitted by applicable law) of the conditions set forth in the Merger Agreement (other than those conditions that by their nature are to be satisfied at the closing of the Merger, but subject to the satisfaction or waiver of such conditions at the closing), provided that if the marketing period has not ended by that time, the closing shall occur instead, following the satisfaction or waiver of the conditions set forth in the Merger, on the earlier of (1) any business day during or before the expiration of the marketing period as Parent may specify in writing to the Company on not less than two (2) business days notice, subject to the satisfaction or waiver of the conditions to the completion of the Merger and (2) the second (2nd) business day after the expiration of the marketing period, or (b) at such other place (or by means of remote communication), date and time as the Company and Parent may agree in writing.

On the closing date, the Company and Merger Sub will file a certificate of merger with the Secretary of State of the State of Delaware. The Merger will become effective at such time as the certificate of merger has been filed with the Secretary of State of the State of Delaware, or at such time as is agreed between the Company and Parent and specified in the certificate of merger.

As of the date of this information statement, we expect to complete the Merger in the fourth quarter of 2018 or the first quarter of 2019. However, completion of the Merger is subject to the satisfaction or waiver of the conditions to the completion of the Merger, which are described below, and it is possible that factors outside the control of the Company or Parent could delay the completion of the Merger, or prevent it from being completed at all. We expect to complete the Merger promptly following the receipt of all required approvals.

Effect of the Merger on Our Common Stock

At the Effective Time, each share of Common Stock issued and outstanding immediately before the Effective Time (other than Cancelled Shares (as defined below) and dissenting shares) will be automatically converted into the right to receive $14.50 in cash per share, without interest.

At the Effective Time, each share of Common Stock outstanding immediately before the Effective Time that is owned or held in treasury by the Company and each share of Common Stock owned or held by (A) any wholly-owned subsidiary of the Company or (B) Parent or any of its wholly-owned subsidiaries (including Merger Sub) (such shares, Cancelled Shares), will be cancelled, and no consideration will be delivered in exchange for such cancellation.

At the Effective Time, each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time will be automatically converted into and become one validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the surviving corporation, and such shares will constitute the only outstanding shares of capital stock of the surviving corporation.

Treatment of Company Options

At the Effective Time, each Company Option that is outstanding as of immediately prior to the Effective Time, whether vested or unvested, will be cancelled by virtue of the Merger and without any action on the part of the holder thereof, in consideration for the right to receive, as promptly as practicable (but no later than five (5) business days) following the Effective Time, a cash payment (without interest and less such amounts as are required to be withheld or deducted) with respect thereto equal to the product of (a) the number of shares of Common Stock subject to such Company Option immediately prior to the Effective Time and (b) the excess, if any, of the Merger Consideration over the exercise price per share of Common Stock subject to such Company Option as of the Effective Time; provided that the surviving corporation shall pay all charges and expenses in connection with such payment.

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Payment for Common Stock in the Merger

Prior to, or as promptly as possible following, the Effective Time, Parent will deposit, or cause to be deposited, with a paying agent (reasonably acceptable to the Company), in trust for the benefit of the holders of Common Stock, cash sufficient to pay the aggregate Merger Consideration (but not any Merger Consideration of any dissenting shares) (such aggregate merger consideration, the Payment Fund). If for any reason (including if any dissenting shares cease to be dissenting shares) the Payment Fund is inadequate to pay the amounts to which holders of shares of Common Stock shall be entitled, Parent shall take all steps necessary to promptly deposit, or cause to be deposited, additional cash with the paying agent sufficient to make all payments required.

As promptly as practicable (and no later than the second (2nd) business day) after the Effective Time, Parent shall cause the paying agent to mail to each record holder of Common Stock whose Common Stock was converted into the right to receive the Merger Consideration a letter of transmittal, in the form agreed between Parent and the Company (the Letter of Transmittal) and instructions for use in effecting the surrender of certificates or book-entry shares in exchange for payment of the Merger Consideration.

Upon (i) surrender of certificates to the paying agent together with the Letter of Transmittal, duly completed and validly executed, or (ii) in respect of book-entry shares receipt of an agent s message by the paying agent (provided that receipt of an agent s message shall be deemed to be an express acknowledgement that the holder of such book-entry shares has received and agrees to be bound by the terms of the Letter of Transmittal (and shall be deemed to have delivered and executed a copy thereof)), in each case, together with such other documents as may reasonably be required by the paying agent, the holder of such certificates or book-entry shares will be entitled to receive the Merger Consideration.

Representations and Warranties

The Merger Agreement contains representations and warranties of the Company and its subsidiaries (not including VKidz, for the avoidance of doubt), subject to certain exceptions and qualifications in the Merger Agreement, in the disclosure schedules (the Disclosure Schedules) delivered in connection with the Merger Agreement and in the Company s public filings, as to, among other things:

- the Company s and its subsidiaries organization, good standing and qualification to do business;
- ownership of the Company s subsidiaries;
- authorization, issuance and ownership of capital stock;
- corporate authority, consents and approvals relating to the execution, delivery and performance of the Merger Agreement;
- the execution and delivery of the Merger Agreement does not violate the Company s organization documents or violate or conflict with any laws, and does not require any consents or approval or result in any detriment

to any of the Company s or its subsidiaries properties or assets;

the reports, forms, documents, certifications and financial statements of the Company required by the SEC;

no joint ventures or off-balance sheet partnerships, or similar agreements;

the establishment and maintenance of certain disclosure controls and procedures and internal control over financial reporting;

the absence of undisclosed liabilities;

compliance with applicable laws and permits;

the absence of liabilities pertaining to environmental laws and the Company s compliance with such laws;

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employee and employee benefit plan matters;

the absence of any changes, occurrences or developments that has had, or would reasonably be expected to have, a material adverse effect with respect to the Company;

absence of material litigation or orders;

the accuracy and completion of the information supplied for the purposes of this information statement;

certain details pertaining to the Company s and its subsidiaries tax returns, filings and other tax matters;

certain details with respect to the Company s and its subsidiaries employee relations, labor matters and compliance with workplace safety and workers compensation laws;

real property;

certain details pertaining to the Company s and its subsidiaries intellectual property and protection thereof, data security and information technology;

the receipt by the Board of the opinion from each of Macquarie as to the fairness, from a financial point of view, as of the date of each such opinion, of the consideration to be received by the holders of shares of Common Stock pursuant to the Merger;

material contracts;

regulatory matters;

broker s and finder s fees;

absence of state takeover statutes and anti-takeover contractual provisions;

full force and effect of insurance policies;

affiliate transactions and majority stockholder agreements (between (a) the Company or any of its subsidiaries, on the one hand, and the Cambium Majority Stockholder or any of its affiliates (other than the Company and its subsidiaries), on the other hand, and (b) VKidz, on the one hand, and the VKidz Majority Stockholder or any of its affiliates (other than VKidz), on the other hand) (Majority Stockholder Agreements);

absence of disputes with, or threat of termination of relationship with, the Company s top customers and suppliers; and

the Company and the Board will comply with the Rights Agreement and have taken all actions necessary so that the execution of the Merger Agreement will not cause the grant of any new rights under thereunder and the exercise of any previously granted rights, including, an affirmative determination by the Board that each of Parent and Merger Sub is an Exempt Person thereunder.

The Merger Agreement also contains representations and warranties of Parent and Merger Sub, subject to certain exceptions and qualifications in the Merger Agreement, in the Disclosure Schedules delivered in connection with the Merger Agreement, as to, among other things:

organization, good standing and qualification to do business;

corporate authority, consents and approvals relating to the execution, delivery and performance of the Merger Agreement;

the execution and delivery of the Merger Agreement does not violate the Parent s or Merger Sub s organization documents or violate or conflict with any laws, and does not require any consents or approval or result in any detriment to any of the Parent s or Merger Sub s properties or assets;

the absence of material litigation or orders;

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the accuracy and completion of the information supplied for the purposes of this information statement;

brokers and finders;

the delivery to the Company by Parent of evidence of debt and equity commitments for the financing required to consummate the transaction and the effectiveness and enforceability of such commitments;

solvency;

the delivery and effectiveness of that certain guarantee entered into by the Equity Investor;

the ownership and operations of Merger Sub;

the absence of agreements between Parent, Merger Sub, the Equity Investor and their affiliates on the one hand, and any beneficial owner of more than one percent (1%) of the Common Stock, or any member of the Board on the other hand;

no ownership of Common Stock;

independent investigation of the Company and its subsidiaries; and

non-reliance on Company representations.

Some of the representations and warranties in the Merger Agreement are qualified by materiality qualifications or a material adverse effect qualification with respect to the Company, Parent or Merger Sub, as discussed below.

For purposes of the Merger Agreement, a material adverse effect with respect to the Company means any change, effect, event, occurrence, development, circumstance, condition, or effect (each, an Effect) that, individually or in the aggregate, (x) has, or would reasonably be expected to prevent or materially impair or delay the ability of the Company to consummate the transaction contemplated by the Merger Agreement or (y) has had or would reasonably be expected to have a material adverse effect on the business, operations or financial condition of the Company and its subsidiaries, taken as a whole. However, for the purposes of clause (y) above, a material adverse effect is not deemed to include the impact of:

any changes or developments in domestic, foreign or global markets or domestic, foreign or global economic conditions generally, including (1) any changes or developments in or affecting the domestic or any foreign securities, equity, credit or financial markets or (2) any changes or developments in or affecting domestic or any foreign interest or exchange rates;

changes in GAAP or any official interpretation or enforcement thereof;

changes in domestic, foreign or global political conditions (including the outbreak or escalation of war, military actions or acts of terrorism), including any material worsening of such conditions following October 12, 2018;

changes in applicable laws;

changes or developments in the business or regulatory conditions affecting the industries in which the Company or any of its subsidiaries operate;

the announcement or the existence of, compliance with or performance under, the Merger Agreement or the transactions contemplated thereby, including the impact thereof on the relationship, contractual or otherwise of the Company or any of its subsidiaries with employees, labor unions, financing sources, customers, suppliers or partners;

other acts of God (including storms, earthquakes, tornadoes, floods or other natural disasters);

a decline in the trading price or trading volume of Common Stock or any change in the ratings or ratings outlook for the Company or any of its subsidiaries (provided that the underlying causes thereof may be considered in determining whether a material adverse effect has occurred if not otherwise excluded for purposes of determining whether a material adverse effect has occurred);

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the failure to meet any projections, guidance, budgets, forecasts or estimates (provided that the underlying causes thereof may be considered in determining whether a material adverse effect has occurred if not otherwise excluded for purposes of determining whether a material adverse effect has occurred);

any action taken or omitted to be taken by the Company or any of its subsidiaries at the prior written request of Parent;

any proceedings threatened, made or brought by any of the current or former stockholders of the Company (or on their behalf or on behalf of the Company) against the Company or any of its directors, officers or employees arising out of the Merger Agreement, including the Merger; and

any changes in legislation or law that directly or indirectly affect the purchasing or selling of products or services sold or provided by the Company or its subsidiaries,

however, with respect to the matters described in the foregoing first through fourth, seventh and twelfth bullet points above, such impact will be taken into account to the extent that it is disproportionately adverse to the Company and its subsidiaries, taken as a whole, relative to others in the industry or industries in which the Company and its subsidiaries operate.

For the purpose of the Merger Agreement, a material adverse effect with respect to Parent or Merger Sub means any Effect that has had or would reasonably be expected to prevent or materially impair or delay Parent s ability to consummate the transactions contemplated by the Merger Agreement (including the Merger and the financing) (a Parent Material Adverse Effect).

Conduct of Business Pending the Merger

The Merger Agreement provides that, during the period beginning October 12, 2018, until the earlier of the termination of the Merger Agreement in accordance with its terms and the Effective Time, except (1) as may be required by applicable law, (2) with Parent s prior written consent (which will not be unreasonably withheld, conditioned or delayed), (3) as permitted, contemplated or required by the Merger Agreement or (4) as set forth in the Disclosure Schedules, the Company will, and will cause each of its subsidiaries (excluding, for the avoidance of doubt VKidz) to use commercially reasonable efforts to conduct its business in all material respects in the ordinary course of business.

In addition, during the period from October 12, 2018, until the earlier of the termination of the Merger Agreement in accordance with its terms and the Effective Time, except (1) as may be required by applicable law, (2) with Parent s prior written consent (which will not be unreasonably withheld, conditioned or delayed), (3) as permitted, contemplated or required by the Merger Agreement, (4) as required by the terms and conditions of the VKidz Purchase Agreement, including without limitation, with respect to consummation of the transactions contemplated thereby or (5) as set forth in the Disclosure Schedules, the Company will not, and will not permit any of its subsidiaries to take any of the following actions:

amend, supplement or otherwise modify any its organizational documents;

split, combine or reclassify any of its capital stock, voting securities or other equity interests;

make, declare, set aside or pay any dividend, or make any other distribution on, redeem, purchase or otherwise acquire (or authorize any of the foregoing), any shares of its capital stock or other equity interests, or any other securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) into or exchangeable for any shares of its capital stock or other equity interests, except for (1) any such transactions solely among the Company and its wholly-owned subsidiaries or among the Company s wholly-owned subsidiaries, (2) the acceptance of shares of Common Stock as payment for the exercise price of Company Options outstanding as of the date hereof, (3) the acceptance of shares of Common Stock, or withholding of

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shares of Common Stock otherwise deliverable, to satisfy withholding taxes incurred in connection with the exercise, vesting and/or settlement of Company equity awards outstanding as of the date hereof or (4) purchases, redemptions or other acquisitions of any shares of its capital stock, other equity interests or any other securities required by the terms of any company benefit plan or any Company options;

grant any Company Options or other equity-based awards or interests, or grant any individual, corporation or other entity any right to acquire any shares of its capital stock or other equity interests;

issue, sell, transfer, pledge, authorize, encumber, dispose of or otherwise permit to become outstanding (or authorize any of the foregoing) any additional shares of its capital stock or securities convertible or exchangeable into, or exercisable for, any shares of its capital stock or any options, warrants or other rights of any kind to acquire any shares of Company capital stock, except pursuant to the due exercise, vesting and/or settlement of Company Options outstanding as of the date hereof in accordance with their terms or in transactions solely among the Company and its subsidiaries or among the Company s subsidiaries;

adopt a plan, contract or resolutions providing for complete or partial liquidation, dissolution, merger, consolidation or other reorganization, other than the Merger;

incur, assume, endorse, guarantee or otherwise become liable for or modify in any material respects the terms of any indebtedness for borrowed money or issue or sell any debt securities or any rights to acquire any debt securities, except for (1) any indebtedness for borrowed money solely among the Company and its subsidiaries or solely among the subsidiaries, (2) guarantees by the Company of indebtedness for borrowed money of its wholly-owned subsidiaries or guarantees by the Company s subsidiaries of indebtedness for borrowed money of the subsidiaries, in each case, outstanding on October 12, 2018, (3) indebtedness for commercial paper or indebtedness incurred pursuant to contracts set forth in the Disclosure Schedules to the Merger Agreement or (4) additional indebtedness for borrowed money incurred by the Company or any of its subsidiaries in the ordinary course of business that does not exceed $500,000 in aggregate principal amount outstanding;

other than in accordance with contracts in effect as of October 12, 2018 or in the ordinary course of business, sell, transfer, mortgage, encumber, license, sublicense, lease, sublease, pledge, abandon, otherwise make subject to any lien (other than permitted liens) or otherwise dispose of any of its properties or assets having a value in excess of $300,000 individually or $500,000 in the aggregate to any person, whether by merger or consolidation, acquisition of stock or assets or by formation of a joint venture or otherwise (other than to the Company or a wholly-owned subsidiary);

other than in accordance with contracts in effect as of October 12, 2018 or in the ordinary course of business, acquire for cash consideration any asset or any other person or business of any other person (whether by merger or consolidation, acquisition of stock or assets or by formation of a joint venture or otherwise) or make any investment in any person (in each case, other than a wholly-owned subsidiary of the Company or any assets thereof), in excess of $300,000 individually or $500,000 in the aggregate;

(1) establish, adopt, materially amend or terminate any material Company plan or create or enter into any plan, agreement, program, policy, trust, fund or other arrangement that would be a material Company plan if it were in existence as of October 12, 2018, except for adoptions, amendments or terminations in the ordinary course of business that do not materially increase costs, (2) accelerate any rights or benefits under any Company plan or (3) accelerate the time of vesting or payment of any award under any Company plan, in each case except as required by terms of the Merger Agreement or as required by applicable law or the terms of a Company plan or contract or agreement in effect as of October 12, 2018;

except as required pursuant to the terms of any Company plan in effect as of October 12, 2018, or as otherwise required by law (1) increase in any manner the compensation or consulting fees, bonus, pension, or other material benefits of any current or former employee, officer, director or natural

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person, independent contractor or consultant of the Company, except (x) in connection with annual promotion-related or merit-related increases for employees that are not executive officers of the Company, in the ordinary course of business or (y) increases in compensation in the ordinary course of business; (2) become a party to, establish, adopt, amend, commence participation in or terminate any Company benefit plan; (3) take any action to accelerate rights under any Company benefit plan; or (4) enter into any contract (x) for employment (other than at-will employment) with the Company or any of its subsidiaries or (y) that provides for severance or termination benefits that are inconsistent with the Company s standard policy related thereto, in each case, that provides compensation and/or benefits (including severance pay or benefits) in an amount, or having a value in excess of $200,000 per year with respect to any such contract;

unless required by applicable law, (1) become a party to, establish, adopt, amend, extend, commence participation in or terminate any collective bargaining agreement or other agreement or arrangement with a labor union, labor organization or other employee-representative body or (2) recognize or certify any labor union, labor organization or other employee-representative body as the bargaining representative for any employees of the Company or any of its subsidiaries;

(1) make, change or rescind any express or deemed election relating to taxes, or take any action to deny the availability of any election relating to taxes, except, in each case, in the ordinary course of business; (2) settle or compromise any material proceeding relating to taxes or surrender any right to obtain a material tax refund or credit, offset or other reduction in tax liability; (3) enter into any closing agreement with respect to any material taxes; (4) file any material amended tax return; (5) change any method of reporting income or deductions (including, without limitation, any method of accounting) for federal income tax purposes from those employed in the preparation of its federal income tax returns for the taxable year ending December 31, 2017; except, in each case, as is required by applicable law or GAAP; (6) extend or waive the application of any statute of limitations relating to the collection or assessment or any tax (except with respect to routine extensions relating to the initial filing of a tax return); (7) apply for or pursue any tax ruling; or (8) execute any power of attorney in respect of any material tax matter; except, in each case, as is required by applicable law or GAAP;

subject to further provisions of the Merger Agreement, waive, amend or otherwise modify any material terms or conditions with respect to consummation of the transactions contemplated by the VKidz Purchase Agreement;

change the Company s present financial accounting methods, or principles in any material respect, except as required by GAAP or applicable law;

enter into any contract that would be required to be disclosed under Item 404(a) of Regulation S-K promulgated under the Exchange Act;

make or enter into any commitment for capital expenditures in excess of $250,000 individually;

make any loans, advances or capital contributions to, or material investments in, any other person, other than (1) any loans, advances or capital contributions in an amount less than $300,000 individually or $500,000 in the aggregate or (2) loans, advances or capital contributions to, or investments in, the subsidiaries of the Company;

sell, assign, transfer or exclusively license any material intellectual property, or permit the lapse of any right, title or interest to any material intellectual property, including any material Company registered intellectual property, or terminate, cancel or amend any material Company intellectual property contract, in each case, other than in the ordinary course of business;

settle, compromise or otherwise resolve any proceedings (excluding any audit, claim or other proceeding in respect of taxes) in a manner resulting in liability for, or restrictions on the conduct of business by, the Company or any of its subsidiaries, other than settlements of, compromises for or resolutions of any proceedings (1) funded solely, subject to payment of a deductible, by insurance

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coverage maintained by the Company or any of its subsidiaries or (2) for payment of less than $300,000 (after taking into account insurance coverage maintained by the Company or any of its subsidiaries) in the aggregate beyond the amounts reserved on the consolidated financial statements of the Company;

amend, modify, supplement or waive any provision under the Rights Agreement (other than as set forth in the Merger Agreement);

other than in the ordinary course of business (1) amend, modify, terminate (partially or completely), grant a waiver under, cancel, or take (or fail to take) any action that would reasonably be expected to cause or result in a material breach of, or a material default under, any company material contract or (2) enter into or assume any contract that would have constituted a Company material contract had it been in effect as of October 12, 2018; or

agree or commit in writing to do any of the foregoing.

Access

Subject to certain exceptions and limitations, during the period from October 12, 2018, until the earlier of the termination of the Merger Agreement in accordance with its terms and the Effective Time, the Company shall afford Parent and its representatives, reasonable access during normal business hours to the Company s and its subsidiaries personnel, properties, contracts, commitments, books and records and such other information concerning its business, properties and personnel (other than certain highly confidential information or information that would jeopardize the attorney-client privilege or conflict with any law or contract to which the Company or its subsidiaries are bound), provided that the Company shall not be obligated to provide or give access to any minutes of meetings or resolutions of the Board or any sub-committees or any other business records or reports of or communication with any of its advisors relating to the evaluation or negotiation of the Merger Agreement or any alternative thereto.

No Solicitation

Except as permitted by the Merger Agreement, the Company may not, and must cause its subsidiaries and representatives, not to:

solicit, initiate, or knowingly encourage or knowingly facilitate (including by way of furnishing any non-public information) any proposal or offer or any inquiries regarding the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, a Company Takeover Proposal (as defined below);

engage in, continue or otherwise participate in any discussions or negotiations regarding, or furnish non-public information for the purpose of encouraging or facilitating, any inquiry, proposal or offer that constitutes, or would reasonably be expected to lead to, a Company Takeover Proposal (other than, in response to an unsolicited inquiry, proposal or offer, the Board may take such action to ascertain facts from the person making such inquiry, proposal or offer for the sole purpose of informing itself about such proposal);

approve, endorse, recommend or enter into, or publically propose to approve, endorse, recommend or enter into, any commitment or agreement in principle with respect to any Company Takeover Proposal; and

except with respect to Parent, Merger Sub, the Merger Agreement, the Merger, and in any case, in a manner reasonably satisfactory to Parent, unless the Merger Agreement has been validly terminated, the Company shall not (x) terminate (or permit the termination of), waive or amend any provision of the Rights Agreement (other than as set forth in the Merger Agreement), (y) redeem any rights under the Rights Agreement or (z) take any action with respect to, or make any determination under, the Rights Agreement that would interfere with the consummation of the Merger or otherwise to be adverse to Parent and Merger Sub.

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Pursuant to the Merger Agreement, a Company Takeover Proposal means any *bona fide* proposal, offer or similar indication of interest made by any person or group of related persons (other than Parent and its subsidiaries and affiliates), and whether involving a transaction or series of related transactions, directly or indirectly, for (1) a merger, reorganization, share exchange, consolidation, business combination, dissolution, liquidation, joint venture, recapitalization or similar transaction involving the Company or any of its subsidiaries, (2) the acquisition (whether by purchase, lease, exchange, transfer or other disposition) by any person or group of related persons (other than Parent and its affiliates) of more than twenty-five percent (25%) of the assets (measured by the market value thereof), revenue or net income of the Company and its subsidiaries, on a consolidated basis (in each case, including securities of the subsidiaries of the Company) or (3) the direct or indirect acquisition by, or issuance to, any person or group of related persons (other than Parent and its affiliates) of more than twenty-five percent (25%) of any class of voting or equity interests of the of Company then issued and outstanding, following such acquisition or issuance, or any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in any person beneficially owning more than twenty-five percent (25%) of any class of outstanding voting or equity interests of the Company.

Existing Discussions or Negotiations

Under the terms of the Merger Agreement, the Company has agreed to immediately (1) cease and cause to be terminated any negotiations with any persons (other than Parent and Merger Sub and their representatives) that may be ongoing with respect to a Company Takeover Proposal and (2) cease providing any information to any such person or its representatives and terminate all access granted to any such person and its representatives to any physical or electronic data room, in each case with respect a Company Takeover Proposal.

Receipt of Company Takeover Proposals

Notwithstanding the provisions of the Merger Agreement described above, if, and only if, at any time after October 12, 2018 and prior to obtaining the Stockholder Written Consent (which was received on October 12, 2018), the Company had received a Company Takeover Proposal from a third party (that did not result from a willful breach of the non-solicitation provisions of the Merger Agreement), and if the Board had determined in good faith, after consultation with its independent financial advisors and outside legal counsel, (a) that such Company Takeover Proposal constituted or would reasonably be expected to have led to a Superior Proposal (as defined below) and (b) that the failure to have taken such action would have been inconsistent with the fiduciary duties of the members of the Board under applicable law then the Company and its representatives could have taken the following actions:

- entered into and accepted an acceptable confidentiality agreement with the person that has made the Company Takeover Proposal;