

CAMBIUM LEARNING GROUP, INC.

Form 424B3

August 10, 2011

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**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-174004**

**PROSPECTUS**

**Offer to Exchange  
\$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017  
For  
\$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017  
registered under the Securities Act of 1933, as amended**

*This exchange offer will expire at 5:00 p.m., New York City time  
on September 12, 2011, unless we extend it.*

We are offering to exchange all of our outstanding 9.75% Senior Secured Notes due 2017 that were issued in a private placement on February 17, 2011, and which we refer to as the old notes, for an equal aggregate amount of our 9.75% Senior Secured Notes due 2017, which have been registered with the Securities and Exchange Commission (the SEC) and which we refer to as the exchange notes. We refer to the old notes and the exchange notes collectively as the notes. If you participate in the exchange offer, you will receive registered 9.75% Senior Secured Notes due 2017 for your old 9.75% Senior Secured Notes due 2017 that are properly tendered. The terms of the exchange notes are substantially identical to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes will not apply to the exchange notes, and the exchange notes will not provide for the payment of additional interest in the event of a registration default. In addition, the exchange notes bear a different CUSIP number than the old notes.

**MATERIAL TERMS OF THE EXCHANGE OFFER**

The exchange offer expires at 5:00 p.m., New York City time, on September 12, 2011, unless extended.

We will exchange all old notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer.

You may withdraw tendered old notes at any time prior to the expiration of the exchange offer.

The only conditions to completing the exchange offer are that the exchange offer not violate any applicable law or applicable interpretation of the staff of the SEC and no injunction, order or decree has been or is issued that would prohibit, prevent or materially impair our ability to proceed with the exchange offer.

We will not receive any cash proceeds from the exchange offer.

There is no active trading market for the notes and we do not intend to list the exchange notes on any securities exchange or to seek approval for quotations through any automated quotation system.

**Investing in the exchange notes involves risks. See Risk Factors beginning on page 20 of this prospectus.**

**Neither the SEC nor any state securities commission has approved or disapproved of the exchange notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is August 10, 2011

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You should rely only upon the information in this prospectus. We have not authorized anyone to give any information or make any representation about us that is different from or in addition to that contained in this prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it as authorized by us. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this prospectus are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this prospectus does not extend to you. Neither the delivery of this prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date on the front cover of this prospectus. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the exchange notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the exchange notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and we shall not have any responsibility therefor.

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**MARKET, RANKING AND OTHER DATA**

The data included in this prospectus regarding markets and ranking are estimates based on our management's knowledge and experience in the markets in which we operate. We believe these estimates to be accurate as of their respective dates. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that market, ranking and other similar data included in this prospectus, and estimates and beliefs based on that data, may not be reliable. Neither we nor the initial purchasers can guarantee the accuracy or completeness of any such information contained in this prospectus.

**TRADEMARKS, TRADE NAMES AND COPYRIGHTS**

We own or have rights to trademarks, trade names and copyrights that we use in conjunction with the operation of our business. In addition, our name, logo and website name and address are our service marks or trademarks. Each trademark, trade name, service mark or copyright by any other company appearing in this prospectus belongs to its holder. Some of the more important trade names, trademarks and copyrights that we use include: Voyager Passport(R); LANGUAGE!; Passport Reading Journeys(R); Read Well; Voyager Universal Literacy System(R); Ticket to Read(R); TimeWarp(R) Plus; Voyager Pasaporte(R); ExploreLearning(TM); We Can!; Vmath(R); Vmath Summer Adventure; TransMath; Algebra Rescue; Voyages; Step Up to Writing; Rewards; Dynamic; Language Essentials for Teachers of Reading and Spelling (LETRS); The Six Minute Solution; Algebra Ready; Reading A-Z(TM); Raz-Kids(TM); Reading-Tutors(TM); Vocabulary A-Z(TM); Writing A-Z(TM); Science A-Z(TM) and GIZMOS.

**FORWARD-LOOKING STATEMENTS**

We have made statements under the captions Prospectus Summary, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, Our Company and in other sections of this prospectus that constitute forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties and which are based on beliefs, expectations, estimates, projections, forecasts, plans, anticipations, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers and intents of our management. Such statements are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this prospectus, including statements regarding our future financial position, economic performance and results of operations, as well as our business strategy, objectives of management for future operations and the information set forth in the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements.

Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as believes, expects, estimates, projects, forecasts, plans, anticipates, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers, intends, scheduled to, should or the negative of those terms, or other variations of those terms or comparable language, or by discussions of strategy, plans, targets, models or intentions. Forward-looking statements speak only as of the date they are made and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. These risks, uncertainties and assumptions include, among others, the following:

- weak general economic conditions and high unemployment;
- competition in the educational products industry;
- failure to maintain or improve our operating efficiencies;
- our inability to attract and retain qualified employees, including key management;
- loss of government funding for child education assistance programs;
- our failure to comply with current or future governmental regulation and licensing requirements;

rapid technological developments and changes and our ability to introduce competitive new products and services on a timely, cost-effective basis;

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our mix of products and services;  
customer demand for our products and services;  
our ability to market our products and services effectively;  
our ability to protect our intellectual property rights;  
our ability to protect against data security breaches and to protect our data centers from damage;  
the continued availability of financing in the amounts, at the times and on the terms required to support our future operations and our levels of indebtedness;  
our ability to comply with existing and future loan agreements and indentures, including provisions of the new credit facility that our indirect subsidiary, Cambium Learning, Inc. ( CLI ), and its subsidiaries (collectively, with CLI, the ABL Credit Parties ) entered into concurrently with the closing of our initial offering (the Offering ) of the outstanding notes ( ABL Facility ), which restricts certain aspects of the operation of our business;  
our ability to implement effectively our growth strategy;  
future investments;  
our inability to identify or retain real property on acceptable terms;  
our inability to maintain adequate internal controls over financial reporting;  
potential conflicts with the interests of our controlling stockholder and its affiliates, as such controlling stockholder may have the power to control our affairs and policies without in certain instances, the approval of the majority of our independent directors;  
the outcome of existing or future litigation; and  
our inability to obtain capital necessary to grow our business or capitalize on selected acquisition opportunities.

Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the date made, expectations may prove to have been materially different from the results expressed or implied by such forward-looking statements, as it is impossible for us to anticipate all factors that could affect our actual results. We discuss certain of these risks in greater detail under the heading Risk Factors in this prospectus. Unless otherwise required by law, we also disclaim any obligation to update our view of any such risks or uncertainties or to announce publicly the results of any revisions to the forward-looking statements made in this prospectus.

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**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that is important to you, and it is qualified in its entirety by the more detailed information and financial statements, including the notes to those financial statements, appearing elsewhere in this prospectus. Before making an investment decision, we encourage you to consider the information contained in this entire prospectus, including the risks discussed under the heading *Risk Factors* beginning on page 20 of this prospectus and the section entitled *Forward-Looking Statements* beginning on page ii.*

*Unless the context otherwise requires or as otherwise indicated, Cambium, Cambium Learning, our company, we, us and our refer to Cambium Learning Group, Inc. and its consolidated subsidiaries, CLI refers solely to our operating subsidiary, Cambium Learning, Inc. and VLCY refers solely to our non-operating subsidiary, Voyager Learning Company. As used in this prospectus, the terms Cambium Business and VLCY Business refer to the businesses of VSS-Cambium Holdings II Corp. ( Cambium Holdings ) and its operating subsidiaries and VLCY and its operating subsidiaries, respectively, as each such business existed prior to the Mergers (as defined below under *Organizational Structure* ).*

**Our Company**

We believe we are one of the largest providers of proprietary intervention curricula, educational technologies and other research-based education solutions for students in the Pre-K through 12th grade education market in the United States. The intervention market, where we focus, provides supplemental education solutions to at-risk and special education students. We offer a distinctive blended intervention solution that combines different forms of current instruction techniques, including text books, education games, data management and e-learning. We believe that our approach builds a more effective learning environment that combines teacher-led instruction and technology and that this approach sets us apart from our competitors, as we believe it better engages at-risk students, leading to more favorable student results. Our solutions are designed to enable the most challenged learners to achieve their potential by utilizing a range of content that primarily focuses on reading and math.

We take a holistic approach to learning and our intervention solutions address both the behavioral and cognitive needs of the students we serve. We believe our focus on the Pre-K through 12th grade intervention market and our significantly greater scale and scope of operations compared to those other companies primarily focused on the intervention market gives us a competitive edge relative to our peers. Further, our products and services are highly results-oriented and enable school districts and parents across the country to improve student performance and better satisfy rigorous accountability standards.

We believe that school districts have become increasingly accountable for student performance. As a result, they have increased both focus and funding to address underperformance. To this end, our research-based intervention programs have demonstrated consistent success with at-risk and special education student populations and have established us as one of the most readily recognized companies exclusively serving this market.

**Table of Contents****Strategy for Growth and Development**

Our strategy for growth and development is based upon the following:

*Continued Focus on the Pre-K Through 12th Grade Intervention Market:* The intervention market is highly attractive and is characterized by favorable long-term growth trends and historically strong government support. We devote most of our resources to better serve this market and we believe that our concentrated focus positions us to capture a greater market share over time. We are a leading provider that offers comprehensive instructional material, professional development and learning technology solutions specifically designed for the intervention market. We also believe that this focus allows us to deliver better designed products to our customers, ultimately resulting in more favorable student outcomes. We plan to continue to employ a broad-based approach to compete across segments and build scale and market share.

*Increased Offering of Technology-Based Learning Solutions:* We have a wide range of technology-based learning solutions offered as either standalone tools or as part of our blended model (which integrates these technology-based learning solutions with our print-based products). Our standalone technology-based solutions include online supplemental reading, writing and vocabulary lessons and books as well as interactive simulations in math and science. Such solutions are employed by our customers for at-risk students and are more commonly used by, and are equally as effective for, on-track students to enhance their proficiency levels. Across much of our product offering, we utilize a comprehensive student data reporting system with multiple years of results. We believe this ability to assess, track and report results is crucial to providing educators with the tools required to achieve and provide accountability for student outcomes.

*Leverage Nationally Recognized Brands, Sales Force and Scalable Platform:* We believe our portfolio of premier brands and research-based products and services has consistently delivered superior learning outcomes for school districts. We plan to leverage our reputation for quality and our experienced sales force to generate new business and capture a greater share of business from existing customers across our national footprint. Further, we plan to utilize our portfolio of technology-driven products and services and an easily replicable implementation model to rapidly meet customer needs.

*Invest in Key Growth Initiatives:* In 2010, we made specific investments in certain key areas intended to facilitate growth in 2011 and beyond. In the Voyager business unit, we integrated two large sales forces (pre-combination Cambium and VLCY) into one national model and we consolidated the student reporting systems of the two previously separate companies. In the Sopris business unit, we built a nationwide field sales force, made significant investments in marketing and introduced two substantial new products. In the CLT unit, we have increased our investment in sales, marketing and product development to enhance continued growth products. Across all business units, we have substantially upgraded our e-commerce and e-marketing capabilities in order to facilitate greater demand pull for our products. We intend to increase market penetration and market share through these investments, enabling us to recognize greater revenues per student.

**Funding Sources and Industry Information**

The intervention market is focused on administering supplemental education solutions to at-risk and special education students within the Pre-K through 12th grade student segment. At-risk and special education students are those students that are underperforming when evaluated against their peers and current academic standing, which is defined as the bottom 40% of learners. Students in need of intervention are often found in three distinct groups: English language learners ( ELL ), Special Education ( SPED ) and impoverished students. The ELL group is made up of those students whose first language is not English. SPED students are individuals with special needs, including learning and communication challenges, emotional and behavioral disorders, physical disabilities and developmental disorders. Impoverished students are from families with low socioeconomic status and are at an academic disadvantage due to their families' financial hardships.

We believe that educating at-risk and special education students requires a different approach than relying on traditional instructional materials since these intervention programs often require detailed implementation and training. Key federal and state programs, such as the Title I portion ( Title I ) of the reauthorized Elementary Secondary Education Act ( ESEA ), School Improvement Grants program ( SIG ), Individuals with Disabilities Education Act ( IDEA ) and the Race to the Top Program enacted under the American Recovery and Reinvestment Act of 2009



( ARRA ) have been key drivers in pushing school districts to address the needs of this student population.

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While school districts use a variety of government funding sources in order to procure our products and services, our industry receives proportionally more federally provided funds than education services and products as a whole, which tend to rely more heavily on state and local funding. Title 1 (and the Title 111 portion of the ESEA) and IDEA have existed for decades and have experienced steady increases since their inception. Further augmenting these traditional funding sources in 2009 and 2010 was the ARRA, which allocated an additional \$10 billion for Title I and an additional \$11.3 billion for IDEA over the fiscal years ending September 2010 and September 2011. Additional federal funds are also being made available through the ARRA's Race to the Top program, which is expected to provide over \$4 billion in additional education funding.

Over the long-term, we expect growth in the overall intervention market will be driven by the following key factors:

**Large and Growing Addressable Market:** Total Pre-K through 12th grade enrollment was 56 million in 2008, with enrollments rising. It is estimated that at least 40% of these students require intervention and represent a large addressable market for us. Demand for intervention is expected to continue to increase since intervention is typically more cost effective than special education programs. We believe that, with more attention in general, increased analysis of U.S. student outcomes versus other countries, focus and likely inclusion of the graduation rate in the ESEA, and movement to national standards, the number of children deemed to need intervention is likely to increase from 40% to over 50%, as indicated by proficiency rates of the National Assessment of Educational Progress.

**Historically Stable Federal Funding Landscape:** The funding environment for Pre-K through 12th grade education has historically been stable across economic cycles. While the recent downturn has pressured state and local budgets, the primary sources of federal funding for education (Title I and IDEA) have been maintained at historically high levels. Traditional federal funding sources for education have been temporarily augmented by ARRA funding from 2009 to 2011, including the Race to the Top program.

**Increasing Emphasis on Accountability and Measurement:** The No Child Left Behind Act (NCLB) has been a key driver for increased accountability and a measurement of student performance. School districts are required to demonstrate adequate yearly progress (AYP) or risk a cut in funding. Intervention products help schools improve performance of the most challenged learners and meet stringent AYP criteria. Furthermore, there is greater emphasis on evaluating educators based on the performance of their students. The combination of these factors will continue to drive the demand for intervention and professional development products.

**Proven Return on Investment of Intervention Products:** Numerous studies have demonstrated and quantified the benefits of intervention products for at-risk and special education students. We believe traditional educational materials are inadequate and not designed to meet their learning needs. Also, teachers are becoming better trained at utilizing intervention materials, which we expect will contribute to greater demand for such products.

## **Product Overview**

We operate as three reportable segments, with separate management teams and infrastructures that offer various products and services, as follows:

Voyager, our comprehensive intervention solutions;

Sopris, our supplemental solutions; and

CLT, our technology-based solutions.

Unallocated shared services such as accounting, legal, human resources and corporate-related items are recorded in a Shared Services category. Depreciation and amortization expense, goodwill impairment, interest income and expense, other income and expense, and taxes are also included in this category.

***Voyager***

Our Voyager unit offers reading, math and professional development programs targeted towards the at-risk and special education student populations. Voyager materials, offered in print form and increasingly in online format, are tailored to meet the needs of these students and differ considerably from traditional instructional materials in design, approach and intensity. Lessons are

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based on scientific research and are carefully designed to effectively and efficiently address each of the strategies and skills necessary to improve the abilities of struggling students.

*Voyager Reading Programs.* The reading programs in the Voyager business unit consist of: Voyager Passport®; LANGUAGE!; Passport Reading Journeys®; Read Well; Voyager Universal Literacy System®; Ticket to Read®; TimeWarp® Plus; Voyager Pasaporte®; and We Can!.

Voyager Passport is a comprehensive reading intervention system for grades K-5. Voyager Passport provides direct, systematic instruction in each of the five essential reading components (phonemic awareness, phonics, fluency, vocabulary, and comprehension) and is designed as an intervention program for grade K-5 students for whom a core reading program is not sufficient. The lessons are typically daily and run 30 to 40 minutes in duration. They are based on the latest scientific research regarding effective reading instruction and are carefully designed to effectively and efficiently address each of the strategies and skills necessary to improve the reading ability of struggling readers.

LANGUAGE!, our principal adolescent literacy offering, is a comprehensive literacy program that targets students in grades 3-12 achieving at or below the 20th percentile. The program consists of a 36-unit curriculum organized into six levels that cover phonemic awareness and phonics, word recognition and spelling, vocabulary and morphology, grammar and usage, listening and reading comprehension, and speaking and writing. LANGUAGE! is designed for special education students, as well as students learning to speak English. The curriculum is a mastery-based curriculum. Students exit as soon as they achieve grade-level proficiency, which will vary depending on the specific needs of the student and where the student enters the program.

Passport Reading Journeys is a targeted intervention program designed to accelerate reading for struggling readers in middle school and high school, grades 6-9. The lesson format integrates reading, comprehension, vocabulary, fluency and writing. Age-appropriate content, real-life journeys on DVDs, online interactive lessons, and captivating text are designed to hold student interest and motivate students to read for both information and enjoyment. The program targets the affective domain as much as the cognitive domain, as many struggling readers have lost confidence, are not engaged, and are close to dropping out. The program meets all of the instructional recommendations of the Reading Next Report, which is an industry research report outlining the key elements of effective literacy intervention for middle and high school students, and provides teachers with the tools necessary to help students become successful readers.

ReadWell is an alternative comprehensive core reading program that targets at-risk students in grades K-2. The program is a research-based and data-driven reading curriculum that addresses all five components of effective reading instruction—phonemic awareness, phonics, vocabulary, comprehension and fluency—as outlined by the National Reading Panel in 2000.

The Voyager Universal Literacy System is an alternative comprehensive core reading curriculum for grades K-3 that explicitly and systematically teaches the five essential components of reading instruction listed above.

Ticket to Read ([www.tickettoread.com](http://www.tickettoread.com)) is an interactive web-based program offered with Voyager's Passport, ReadWell and Universal Literacy System programs. Ticket to Read is designed to improve reading by allowing students to practice various aspects of reading skills. Instruction is leveled, self-paced and teacher-monitored. Students are motivated by a leader-board, a virtual clubhouse that includes earning online tickets and other rewards, games, and engaging self-selected passages on a variety of topics as they build vocabulary, fluency, phonics and reading comprehension skills. Approximately one-quarter of the use takes place after school hours, including weekends, further enabling students to reinforce what they have learned in the classroom and enabling parents and/or guardians to become more involved in their children's education.

TimeWarp Plus is a four-to-six week summer reading intervention program which immerses grade K-9 students in reading adventures to build essential reading skills that can prevent summer learning loss and prepare students for the coming year. TimeWarp Plus is a balanced, research-based reading program offered as a two-to-four hour daily reading instruction focused around exciting, adventure-based themes and hands-on learning experiences. Student engagement and maximizing teacher time are key components of the program.

Voyager Pasaporte provides students in grades K-3 with targeted reading intervention in Spanish, using a similar scientifically-based reading research and framework as Voyager Passport. The lessons typically run daily for 30 to 40 minutes in duration. They are based on scientific research regarding effective reading instruction and are

carefully designed to effectively and efficiently address each of the strategies and skills necessary to improve the reading ability of struggling Spanish-speaking children who cannot read effectively in any language. Built-in assessment and progress monitoring tools provide teachers with vital information about student learning so they can adjust instruction as needed.

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We Can! is a multilingual early childhood program which is designed to develop both social and academic skills. The program offers flexible lesson plans for customized instruction, a classroom management system and learning center choices. We Can! also fits within a variety of Pre-K settings.

*Voyager Math Programs.* The math programs in the Voyager business unit consist of: Vmath®, Vmath Summer Adventure, TransMath, Inside Algebra and Voyages.

Vmath is a targeted, systematic intervention system that is aligned with the tenets of the National Council of Teachers of Mathematics and is designed to complement and enhance all major math programs by building upon and reinforcing the concepts, skills, and strategies of a core math program. Through 30 to 40 minutes of daily instruction, Vmath helps struggling students build a foundation in math and learn the skills and concepts crucial to achieving grade-level success. VmathLive is a standalone or complementary online math capability, targeting additional student practice for grades 2-8.

Vmath Summer Adventure targets math students who may need summer intervention to prevent summer learning loss in math as well as in reading. Vmath Summer Adventure combines explicit instruction in essential math concepts and skills and real-life adventures to stimulate student interest and understanding over a shortened summer school program for grades K-8.

TransMath targets students in the 25th percentile and below in grades 5-9. TransMath provides students with in-depth, sequential skill building of foundational math concepts through reform-based and procedural instruction. Multisensory strategies are designed to promote problem-solving proficiency, vocabulary development and mathematical discourse. VmathLive is offered with TransMath.

Inside Algebra targets students at risk of failure in algebra and teaches them a variety of core objectives through activities intended to make learning fun. Students may participate in Inside Algebra in small groups, as a supplement to basal curricula, or as a standalone algebra intervention program.

Voyages targets grades K-5 and is a core mathematics program designed by teachers, for teachers. Educators may utilize Voyages as a core program, as an intervention program or as part of a gifted and talented program.

*Voyager Professional Development Programs.* Professional development services provide customized, sustainable, product independent solutions for teachers and leadership to help our customers enhance their existing investments in curricula, textbooks, and learning resources. Specific topics include Reading, Math, Behavior, Response to Intervention, Instructional Audits, Coaching and Leadership, and support all tiers of student instruction. These services are provided via three delivery systems: consulting services and custom professional development, custom conferences and institutes, and distance learning.

***Sopris***

Our Sopris unit focuses on providing a diverse, yet comprehensive collection of printed and electronic supplemental education materials to complement core programs and to provide intense remediation aimed at specific skill deficits. When compared to products offered by our other business units, Sopris products tend to be more narrowly-tailored and target a smaller, more specific audience. Sopris primary products are Step Up to Writing; REWARDS; Dynamic Indicators of Basic Early Literacy Skills (DIBELS/IDEL); Language Essentials for Teachers of Reading and Spelling (LETRS); The Six Minute Solution; Algebra Ready; and RAVE-O. Through these offerings, we commercialize research of some of the most highly regarded authors in the field, including Drs. Louisa Moats, Anita Archer and Roland Good.

Step Up to Writing is a strategies-based program that spans grades K-12 and addresses students who score at or below the basic skill level in writing. Authored by Dr. Maureen Aumon, the program teaches students to write both narrative and expository pieces, actively engage with reading materials and develop study skills. Step Up to Writing is designed to fit alongside a school district's existing reading program and to be integrated into any standard curriculum or instructional system.

REWARDS is a research-based, reading intervention program designed for general and special education, remedial reading, summer school and after-school programs. Authored by Dr. Anita Archer, the program focuses on de-coding, fluency, vocabulary, comprehension, test-taking abilities and content-area reading and writing.

DIBELS/IDEL is a literary screening and progress monitoring tool. Authored by Drs. Roland Good and Ruth Kaminski, students from grades K-3 take benchmark assessments three times a year in order to measure the critical

areas of early reading: awareness, phonics, fluency, comprehension and vocabulary. Students in grades 4-6 are assessed in the areas of fluency and

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comprehension. For those with reading difficulties, progress monitoring assessments are given to determine the effectiveness of the interventions being used. IDEL offers DIBELS materials for Spanish-speaking students.

LETRS is a stand-alone professional development program for educators. Authored by Dr. Louisa Moats, the training program is delivered through a combination of print materials, online courses, software and face-to-face training. LETRS Institutes are grouped into a series of three-day sessions presented by certified national LETRS trainers and engage educators through group activities and hands-on practice.

The Six Minute Solution targets grades K-12 and helps students improve reading fluency. This peer-mentoring and feedback system is designed to complement a reading curriculum.

Algebra Ready teaches students fundamental mathematics and is designed to prepare them for algebra and geometry. Students can utilize Algebra Ready during summer school, extended days, or as a supplement to a core math curriculum.

RAVE-O (Reading through Automaticity, Vocabulary, Engagement, and Orthography) is an intensive, multisensory, small group reading intervention for primary through intermediate grades. Authored by neuroscientist Dr. Maryanne Wolf, the program applies brain research to reading intervention.

### ***Cambium Learning Technologies***

Our CLT unit utilizes technology to deliver subscription-based websites, online libraries, software and equipment designed to help students reach their potential in grades K through 12 and beyond. CLT products are offered under four different industry leading brands: Learning A-Z, ExploreLearning, Kurzweil Educational Systems and IntelliTools.

*Learning A-Z.* Learning A-Z is a group of related websites known as Reading A-Z™, Raz-Kids™, Reading-Tutors™, Vocabulary A-Z™ and Writing A-Z™, which provide online supplemental reading, writing and vocabulary lessons, books, and other resources for students and teachers. Science A-Z™, a Learning A-Z website, is aimed at the supplemental science market.

We sell online supplemental reading, math and science products under the Learning A-Z brand. There are three free websites (LearningPage™, Sites for Teachers and Sites for Parents), which aid in directing interested parents, teachers, schools and districts to six subscription-based sites: Reading A-Z, Raz-Kids, Reading-Tutors, Vocabulary A-Z, Writing A-Z, and Science A-Z. Each of these websites offers products available for purchase through online subscriptions.

Reading A-Z offers thousands of research-based, printable teacher materials to teach guided reading, phonological awareness, phonics, comprehension, fluency, letter recognition and formation, high-frequency words, poetry and vocabulary. The teaching resources include professionally developed downloadable leveled books (27 levels), a systematic phonics program that includes decodable books, high-frequency word books, poetry books, nursery rhymes, vocabulary books, read-aloud books, lesson plans, worksheets, graphic organizers and reading assessments. All leveled books, worksheets, graphic organizers and quizzes are available as printable PDF files and as projectables for use on interactive and non-interactive whiteboards. The leveled books and a variety of other books are available in Spanish and French, as well as a version with UK spellings.

Raz-Kids is a student-centered online collection of interactive leveled books and quizzes designed to guide and motivate emergent and reluctant readers, as well as improve the skills of fluent readers. Students can listen to and read books as well as record their reading and then take an online quiz while receiving immediate feedback. Students earn stars for their reading activity. The stars can then be spent in each student's personal clubhouse-like environment for purchasing a catalog full of items that include aliens and other fun characters. The program currently consists of over 300 online books along with companion quizzes and worksheets spread over 27 levels of difficulty. A new feature is an online tool that allows teachers to place students at the appropriate reading level while capturing reading rate and fluency. The website also features a classroom management system for teachers to build rosters, assign books and review student reading activity.

Reading-Tutors is a low-cost, easy-to-use collection of research-based resource packets for tutors. Each of the 400 packets contains items tutors need to help emerging readers gain key literacy skills in the alphabet, phonological awareness, phonics, high-frequency words, fluency and comprehension. It also has all the resources needed to train tutors as well as set up and administer a successful tutoring program.



Vocabulary A-Z provides customized and pre-made vocabulary lessons for use by teachers to improve student vocabularies. Vocabulary A-Z has thousands of vocabulary words that can be used to generate custom vocabulary lessons and assessments. Word

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activities and worksheets are available based on the word lists the user generates. The Vocabulary A-Z lesson generator incorporates best practices from current educational research.

Writing A-Z provides teachers with a comprehensive collection of resources to enhance the writing proficiency of students in grades K-6. The site provides core writing lessons grouped by genre, including student packets with leveled materials, mini-lessons that target key writing processes and skills, and writing tools for organizing and improving writing.

Science A-Z provides teachers with an online collection of resources to improve student skills in both science and reading. The website offers a collection of downloadable resources organized into thematic units aligned with state standards. The materials are categorized into four scientific domains: life, earth, physical and process science. The thematic units are organized into three grade-level groupings: K-2, 3-4, and 5-6. The themed packs include lessons, books, high-interest information sheets, career sheets, and process activities. Within each grade span, all books and information sheets are written to a high, medium and low level of difficulty. The website includes many other science resources, including science fair resources and a monthly *Science In the News* feature.

*ExploreLearning*. ExploreLearning™ is a subscription-based online library of interactive simulations in math and science for grades 3-12. ExploreLearning has won National Science Foundation funding, supports the tenets of the National Council of Teachers of Mathematics and has received positive mention in books published by the Association of Supervision and Curriculum Development and the National Science Teachers Association. ExploreLearning is also a perennial award winner recognized by industry peer groups, including the Association of Educational Publishers, Software Industry and Information Association, as well as publications such as District Administration Magazine and Tech and Learning Magazine. ExploreLearning materials are correlated to state standards and over 120 math and science textbooks. Like Learning A-Z, ExploreLearning is an online subscription-based business. REFLEX, ExploreLearning's newest adaptive software, is a game-based solution for grades 2-6 that teaches math fluency in the four operations. The program launched in March 2011.

*Kurzweil Educational Systems*. Kurzweil Educational Systems is a program that primarily targets students in middle school through higher education struggling with reading and writing, specifically those students with ADHD, dyslexia and visual impairments. Kurzweil Educational Systems produces the following two software products for individuals with learning difficulties and for those who are visually impaired:

**Kurzweil 3000**. Kurzweil 3000 is a reading, writing and learning software package for students with dyslexia, attention deficit disorder or other learning difficulties, including physical impairments or language learning needs.

**Kurzweil 1000**. Kurzweil 1000 provides visually impaired users access to printed and electronic materials. Documents and digital files are converted from text to speech and read aloud in a variety of voices that can be modified to suit individual preferences. In addition, this software provides users with document creation and editing, studying and study skills for note-taking, summarizing and outlining text.

*IntelliTools*. IntelliTools offers hardware products that target students with physical, visual and cognitive disabilities that make using a standard keyboard and mouse difficult. IntelliTools also offers software products that target elementary and middle school special education students struggling with reading and math. IntelliTools products include:

**IntelliKeys® USB**, which is a programmable alternative keyboard with supporting software for students or adults who have difficulty using a standard keyboard.

**IntelliTools Classroom Suite**, which is an authoring and application tool intended to boost achievement on standards-based tests and help meet adequate yearly progress goals under the No Child Left Behind Act.

**IntelliTools**, which offers software products with a simple interface for students to use. The software includes lessons, activities and assessments that reinforce reading, writing and math skills with the capability to generate reports and provide detailed data tracking.

## **Marketing and Distribution**

*Curriculum Development*

We continually seek to take advantage of new product and technology opportunities and view product development to be essential to maintaining and growing our market position. We have developed relationships with many industry-leading authors who are known for their expertise in improving the cognitive and behavioral performance of at-risk and special education students. Many

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authors are leaders in their respective fields, such as literacy, mathematics, cognitive reasoning, and behavioral sciences. These authors are engaged by us to develop content and then to refine that content once feedback is obtained from our customers. We also employ both in-house and contracted developers of curriculum and on-line content. We generally conduct an extensive refresh of our products every three to five years to incorporate the latest research, bring images current, and update factual content. The web-based products are enhanced continuously. Between the product refreshes, we often develop variations, expansions (i.e., more grade levels) and other basic enhancements of our products. As of March 31, 2011, we had 142 employees in curriculum development. Research and development expense, net of capitalization, was \$2.4 million for the three months ended March 31, 2011, \$3.0 million for the three months ended March 31, 2010, \$10.6 million for the year ended December 31, 2010 and \$5.6 million for the year ended December 31, 2009. In addition, we capitalize certain expenditures related to product development.

## **Sales and Marketing**

### *Sales Force Organization*

We generally organize our marketing and sales force around our Voyager, Sopris and CLT business units. Within CLT, the sales forces are further divided to focus on reading, math/science, or special education areas. We have separate sales forces by unit and sales producers sell all available products in the unit and are general relationship managers. They are supported by product or subject matter experts as well as a corporate marketing team. As of March 31, 2011, our sales force consisted of 107 field and 30 inside sales producers for a total of 137 direct sales producers, excluding sales management and marketing. Where we elect to use both field and inside sales producers in a business unit, we tend to segment the customers primarily based on size of a territory, whereby larger territories are covered by field representatives and smaller territories are covered more effectively by inside sales employees. We also use direct marketing through catalogs and are increasingly making use of e-commerce and the Internet to sell our products. Sales and marketing expense was \$10.9 million for the three months ended March 31, 2011, \$11.1 million for the three months ended March 31, 2010, \$46.0 million for the year ended December 31, 2010 and \$23.4 million for the year ended December 31, 2009.

## **Competition**

The market for our products is highly competitive. We compete with a wide range of companies from large publishers covering a broad array of products to small providers who specialize in very limited areas. We compete with:

Traditional text book suppliers, which often offer intervention products as part of their core reading and math programs, including Houghton Mifflin/Harcourt, Pearson, The McGraw-Hill Companies, and Scholastic;

Supplemental suppliers, a market segment that is quite fragmented, including the supplementary products divisions of the international textbook publishers named above, and others including Curriculum Associates, Teacher Created Materials, School Specialty, Houghton Mifflin Harcourt and The Hampton-Brown Company;

Technology suppliers, including Scholastic (Read 180, MiniBooks), Adaptive Curriculum, Carnegie Learning, Renaissance Learning, Don Johnston and TextHelp; and

Service providers, including Americas Choice (recently purchased by Pearson), and research laboratories such as WestEd.

In addition, with greater use of virtual tools, we compete with a number of entities like K12 and Florida Virtual School.

## **Concentration Risk**

We are not overly dependent upon any one customer or a few customers, the loss of which would have a material adverse effect on our business. We have a broad customer base; in the three years ended December 31, 2010, no single customer accounted for more than 10% of our total net revenues in any one year. Additionally, our top ten customers accounted for approximately 20% of our net revenues in 2010.

**Seasonality**

Our quarterly operating results fluctuate due to a number of factors, including the academic school year, school procurement policies, funding cycles, the amount and timing of new products and spending patterns. In addition, customers experience cyclical funding issues that can impact revenue patterns. We generally expect our lowest revenues and earnings to be in the first and fourth fiscal quarters and our highest revenues and earnings to be in the second and third fiscal quarters.

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**Governmental Regulations**

Our operations are governed by laws and regulations relating to equal employment opportunity, workplace safety, information privacy, and worker health, including the Occupational Safety and Health Act and regulations under that Act. Additionally, as a company that often bids on various state, local and federally funded programs, we are subject to various governmental procurement policies and regulations. We believe that we are in compliance in all material respects with applicable laws and regulations and that future compliance will not have a material adverse effect upon our consolidated operations or financial condition.

**Organizational Structure**

Cambium Learning Group, Inc. (NASDAQ: ABCD) was incorporated under the laws of Delaware in June 2009. On December 8, 2009, we completed the mergers of VLCY and VSS-Cambium Holdings II Corp. (Cambium Holdings) into two of our wholly owned subsidiaries, as contemplated by the Agreement and Plan of Mergers, dated as of June 20, 2009, as amended, among us, VLCY, Vowel Acquisition Corp., our wholly-owned subsidiary, Cambium Holdings, a wholly-owned subsidiary of VSS-Cambium Holdings III, LLC, Consonant Acquisition Corp., our wholly owned subsidiary, and Vowel Representative, LLC, solely in its capacity as stockholders representative. In this prospectus we refer to this Agreement and Plan of Mergers, as amended, as the Merger Agreement. Pursuant to the Merger Agreement, we acquired all of the common stock of each of Cambium Holdings and VLCY through the merger of Consonant Acquisition Corp. with and into Cambium Holdings, with Cambium Holdings continuing as the surviving corporation (the Cambium Merger), and the concurrent merger of Vowel Acquisition Corp. with and into VLCY, with VLCY continuing as the surviving corporation (the Voyager Merger and together with the Cambium Merger, the Mergers). As a result of the effectiveness of the Mergers, Cambium Holdings and VLCY became our wholly owned subsidiaries. Following the completion of the Mergers, all of the outstanding capital stock of VLCY's operating subsidiaries, Voyager Expanded Learning, Inc. (VEL) and LAZEL, Inc., were transferred to CLI. Effective December 31, 2010, we completed an internal reorganization pursuant to which we consolidated certain of our operating subsidiaries. Specifically, we merged VEL and Cambium Learning (New York), Inc. into Sopris West Educational Services, Inc. and renamed this entity Cambium Education, Inc. We also merged Intellitools, Inc. into Kurzweil Educational Systems, Inc. and renamed this entity Kurzweil/Intellitools, Inc. The following chart sets forth our corporate organization and identifies the issuer and the subsidiary guarantors of the notes and the borrowers under the ABL Facility.

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- (1) As of March 31, 2011, this entity, controlled by VSS (as defined below), remained our majority stockholder with approximately 62.4% beneficial ownership.
- (2) Such entity will be a subsidiary guarantor of the exchange notes.
- (3) VLCY is not a guarantor under the old notes, will not be a guarantor of the exchange notes and will be an unrestricted subsidiary under the terms of the exchange notes. VLCY is not a borrower under, or otherwise party to, the ABL Facility.
- (4) Such entity is a co-borrower under the ABL Facility.

**Veronis Suhler Stevenson**

In 2007, Cambium Learning was acquired by a consortium of private equity sponsors led by Veronis Suhler Stevenson ( VSS ). Founded in 1987, VSS is a private equity and structured capital fund management company dedicated to investing in the information, education, media and marketing services industries in North America and Europe. VSS provides both equity and debt capital for buyouts, recapitalizations, growth financings and strategic acquisitions to middle market companies and management teams

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with a goal to build companies both organically and through a focused add-on acquisition program. Over the past 20 years, VSS has managed funds with capital committed exceeding \$2.8 billion.

VSS seeks to leverage its specialized operational, financial and transaction experience to work as an added-value partner with company owners and management teams. VSS professionals assist VSS portfolio companies with setting strategic direction, board level involvement, acquisition strategies, proactively and directly searching for acquisition opportunities and assisting with the negotiation and execution of acquisitions. In addition, VSS assists its portfolio companies with raising senior debt and any additional third party financing. As of March 31, 2011, VSS controlled entities remained our majority stockholder with approximately 62.4% beneficial ownership.

### **Employees**

Our future success is substantially dependent on the performance of our management team and our ability to attract and retain qualified technical and managerial personnel. As of March 31, 2011, we had a total of 584 employees. None of our employees are represented by collective bargaining agreements. We regard our relationship with our employees to be good.

### **Executive Officers**

*Ronald Klausner.* Ronald Klausner, age 57, currently serves as a Class III director and our Chief Executive Officer. Mr. Klausner has served as one of our directors since December 8, 2009. Mr. Klausner served as President of Voyager Expanded Learning from October 2005 until December 8, 2009, when he became our Chief Executive Officer. Prior to that, Mr. Klausner served as President of ProQuest Information and Learning Company (a subsidiary of VLCY until it was sold in 2007) from April 2003 to October 2005. Mr. Klausner came to VLCY from D&B (formerly known as Dun & Bradstreet), a global business information and technology solutions provider, where he worked for 27 years. He most recently served as D&B's Senior Vice President, U.S. Sales, leading a segment with more than \$900 million in revenue. Previously, Mr. Klausner led global data and operations, and customer service, providing business-to-business, credit, marketing and purchasing information in over 200 countries.

*David F. Cappellucci.* David F. Cappellucci, age 54, currently serves as a Class I director and our President. Mr. Cappellucci has served as one of our directors since December 8, 2009. Mr. Cappellucci served as the Chief Executive Officer of Cambium from April 2007 until December 8, 2009 and has 24 years of experience in the education industry. Before co-founding Cambium in December of 2002, Mr. Cappellucci spent 13 years with Houghton Mifflin Company, where he served in a variety of senior management positions, overseeing strategy, mergers and acquisitions, planning and operations at both the corporate level and within a number of business units, including the K-12 School Publishing Group and the Educational and Business Software Divisions. In 2000, Mr. Cappellucci co-founded Classwell Learning Group, an education company formed within the Houghton Mifflin organization. Through 2002, Mr. Cappellucci served as President and Chief Executive Officer of Classwell Learning Group, which was described as the "best new brand in the education market" by a major industry magazine in 2002. From 1992 to 1997, Mr. Cappellucci served as Senior Vice President of Elementary Education for Simon & Schuster. Prior to that, Mr. Cappellucci was Vice President of Finance, Planning and Operations for Houghton Mifflin's K-12 school and assessment businesses.

*Bradley C. Almond.* Bradley C. Almond, age 44, currently serves as our Senior Vice President and Chief Financial Officer. Mr. Almond served as Chief Financial Officer of VLCY since January 2009 and continues to serve as our subsidiary's Chief Financial Officer. Mr. Almond joined VLCY in November 2006 as Chief Financial Officer of the Voyager Expanded Learning operating unit. Before joining VLCY, Mr. Almond was Chief Financial Officer, Treasurer and Vice President of Administration at Zix Corporation, a publicly traded email encryption and e-prescribing service provider located in Dallas, Texas, since 2003. From 1998 to 2003, Mr. Almond worked at Entrust Inc., where he held a variety of management positions, including president of Entrust Japan, general manager of Entrust Asia and Latin America, vice president of finance and vice president of sales and customer operations. Mr. Almond is a licensed Certified Public Accountant.

*John Campbell.* John Campbell, age 50, currently serves as Senior Vice President and the President of the CLT business unit. Mr. Campbell served in the positions of Senior Vice President of Strategy & Business Development, Senior Vice President of K-12 and Chief Operating Officer of Voyager Expanded Learning since joining VLCY in January 2004 until December 8, 2009. Before joining VLCY, Mr. Campbell served as Chief Operating Officer and



business unit head of a research based reading company (Breakthrough to Literacy) within McGraw-Hill. Prior to joining Breakthrough/McGraw-Hill, he served as Director of Technology for Tribune Education. Additionally, Mr. Campbell has experience as General Manager of a software start-up (Insight) and as Director of Applications and Technical Support for a hardware manufacturer (Commodore International).

*George A. Logue.* George A. Logue, age 60, currently serves as Executive Vice President and the President of the Supplemental Solutions business unit. Mr. Logue served as the Executive Vice President of Cambium from June 2003 until December

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8, 2009 and has 35 years of education industry experience. Before joining Cambium, Mr. Logue spent 18 years in various leadership roles with Houghton Mifflin Company. At Houghton Mifflin, Mr. Logue served as Executive Vice President of the School Division from 1996 to 2003. Prior to serving as Executive Vice President of Houghton Mifflin, Mr. Logue was Vice President for Sales and Marketing from 1994 to 1996.

*Carolyn M. Getridge.* Carolyn M. Getridge, age 66, currently serves as our Senior Vice President of Human Resources and Urban Development. She joined VLCY in 1997 as a member of the team that launched the company after a distinguished 30-year career in public education. Immediately prior to joining Voyager, Ms. Getridge was Superintendent of the Oakland Unified School District. Ms. Getridge also served as Associate Superintendent of Curriculum and Instruction in Oakland and as Director of Education Programs for the Alameda (CA) County Office of Education.

*Todd W. Buchardt.* Todd W. Buchardt, age 51, currently serves as our Senior Vice President, General Counsel and Secretary. Mr. Buchardt served VLCY as Senior Vice President since November 2002, Vice President since March 2000, and General Counsel and Secretary since 1998. Before joining VLCY, Mr. Buchardt held various legal positions with First Data Corporation from 1986 to 1998.

*Robert H. Pasternack, Ph.D.* The Honorable Robert H. Pasternack, Ph.D., age 61, currently serves as our Senior Vice President of Special Education. Dr. Pasternack served VLCY in the same capacity from August 2006. Dr. Pasternack has over 40 years experience in public education. Before joining VLCY, Dr. Pasternack served as Assistant Secretary for the Office of Special Education and Rehabilitative Services (OSERS) at the U.S. Department of Education from 2001 to 2004. In addition, Dr. Pasternack served on the President's Commission on Excellence in Special Education and the President's Mental Health Commission and as the Chair of the Federal Interagency Coordinating Committee during his appointment as the Assistant Secretary. Prior to being appointed to this position, Dr. Pasternack was the State Director of Special Education for the State of New Mexico and also served as a Superintendent and first grade teacher. Dr. Pasternack is a nationally certified school psychologist, a certified educational diagnostician, a certified school administrator, and a certified teacher (K-12).

## **Proprietary Rights**

We regard a substantial portion of our technologies and content as proprietary and rely primarily on a combination of patent, copyright, trademark and trade secret laws, and employee or vendor non-disclosure agreements, to protect our rights.

We have developed relationships with authors who are known for their expertise in improving the cognitive and behavioral performance of at-risk and special education students. Many authors are leaders in their respective fields, such as literacy, mathematics, and positive school climate. These authors are engaged by us to develop content and then to refine that content once feedback is obtained from our customers. We act as exclusive agents for and, in most instances, own the intellectual property from these well-known authors, whereby we publish their works under a royalty arrangement. We also derive a substantial amount of our curriculum content through in-house development efforts. To a much lesser degree, we also license from third parties published works, certain technology content or services upon which we rely to deliver certain products and services. Curriculum developed in-house or developed through the use of independent contractors is our proprietary property. Certain curriculum might be augmented or complemented with third party products, which may include printed materials, videos or photographs. This additional third party content may be sourced from various providers who retain the appropriate trademarks and copyrights to the material and agree to our use under a nonexclusive, fee-based arrangement.

We use U.S.-registered trademarks to identify various products which we develop. The trademarks survive as long as they are in use and the registration of these trademarks is renewed.

## **Website Access to Company Reports**

We make available free of charge through our website, [www.cambiumlearning.com](http://www.cambiumlearning.com), our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Forms 3, 4 and 5 filed on behalf of our directors, officers and other affiliated persons, and all amendments to those reports as soon as reasonably practical after such material is electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). We also will provide any of the foregoing information without charge upon written request to Cambium Learning Group, Inc., 17855 North Dallas Parkway, Suite 400, Dallas, Texas 75287, Attention: Investor Relations.



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**Additional Information**

We are a Delaware corporation. Our principal executive offices are located at 17855 North Dallas Parkway, Suite 400, Dallas, Texas 75287 and our telephone number at that address is (214) 932-9500. Our corporate website address is [www.cambiumlearning.com](http://www.cambiumlearning.com). We are providing the address to our website solely for the information of our investors. Information contained on our website or that can be accessed through our website is not incorporated by reference in prospectus and does not constitute a part of this prospectus and you should not rely on that information.

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**Summary of the Terms of the Exchange Offer**

*The following summary contains basic information about the exchange offer. It does not contain all the information that may be important to you. For a more complete description of the exchange offer, you should read the discussions under the heading The Exchange Offer.*

Exchange Notes	<p>\$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017. The terms of the exchange notes are substantially identical to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes will not apply to the exchange notes, and the exchange notes will not provide for the payment of additional interest in the event of a registration default. In addition, the exchange notes bear a different CUSIP number than the old notes.</p>
Old Notes	<p>\$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017, which were issued in a private placement on February 17, 2011.</p>
The Exchange Offer	<p>We are offering to exchange the exchange notes for a like principal amount of the old notes.</p> <p>In the exchange offer, we will exchange registered 9.75% Senior Secured Notes due 2017 for old 9.75% Senior Secured Notes due 2017.</p> <p>We will accept any and all old notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on September 12, 2011. Holders may tender some or all of their old notes pursuant to the exchange offer. However, old notes may be tendered only in denominations of \$2,000 and integral multiples of \$1,000.</p> <p>In order to be exchanged, an outstanding old note must be properly tendered and accepted. All old notes that are validly tendered and not withdrawn will be exchanged. As of the date of this prospectus, there are \$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017 outstanding. We will issue exchange notes promptly after the expiration of the exchange offer. See The Exchange Offer Terms of the Exchange Offer.</p>
Registration Rights Agreement	<p>In connection with the private placement of the old notes, we entered into a registration rights agreement with Barclays Capital Inc. and BMO Capital Markets Corp., representatives of the initial purchasers. Under the registration rights agreement, you are entitled to exchange your old notes for exchange notes with substantially identical terms. This exchange offer is intended to satisfy these rights. After the exchange offer is complete, except as set forth in the next paragraph, you will no longer be entitled to any exchange or registration rights with respect to your old notes. The registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for your benefit if you would not receive freely tradable exchange notes in the exchange offer or you are ineligible to participate in the exchange offer, provided that you indicate that you wish to have your old notes registered under the Securities Act.</p>
Resales of the Exchange Notes	<p>We believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:</p>

- (1) you are acquiring the exchange notes in the ordinary course of your business;
- (2) you are not engaging in and do not intend to engage in a distribution of the exchange notes;
- (3) you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes; and

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(4) you are not our affiliate as that term is defined in Rule 405 under the Securities Act.

Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. We have not asked the staff for a no-action letter in connection with this exchange offer, however, and we cannot assure you that the staff would make a similar determination with respect to the exchange offer.

If you are an affiliate of ours, or are engaging in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the exchange notes:

you cannot rely on the applicable interpretations of the staff of the SEC;

you will not be entitled to participate in the exchange offer; and

you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives exchange notes for its own account in the exchange offer for old notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the prospectus delivery requirements of the Securities Act in connection with any offer to resell or other transfer of the exchange notes issued in the exchange offer.

Furthermore, any broker-dealer that acquired any of its old notes directly from us, in the absence of an exemption therefrom,

may not rely on the applicable interpretation of the staff of the SEC's position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993); and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. See Plan of Distribution.

Expiration Date                      The exchange offer will expire at 5:00 p.m., New York City time, on September 12, 2011, unless we decide to extend the exchange offer. We do not intend to extend the exchange offer, although we reserve the right to do so.

Conditions to the Exchange Offer                      The exchange offer is subject to customary conditions, including that it not violate any applicable law or any applicable interpretation of the staff of the SEC. The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange. See The Exchange Offer Conditions.

Procedures for Tendering Old Notes                      The old notes were issued as global securities in fully registered form without coupons. Beneficial interests in the old notes that are held by direct or indirect participants in The Depository Trust Company ( DTC ) through certificateless depositary interests are shown on, and transfers of the old notes can be made only through, records maintained in book-entry form by DTC with respect to its participants.

If you wish to exchange your old notes for exchange notes pursuant to the exchange offer, you must transmit to Wells Fargo Bank, National Association, as exchange agent, on or prior to the expiration of the exchange offer, either:

a computer-generated message transmitted through DTC's Automated Tender Offer Program system ( ATOP ) and received by the exchange agent and forming a part of



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a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal; or

a properly completed and duly executed letter of transmittal, which accompanies this prospectus, or a facsimile of the letter of transmittal, together with your old notes and any other required documentation, to the exchange agent at its address listed in this prospectus and on the front cover of the letter of transmittal.

If you cannot satisfy either of these procedures on a timely basis, then you should comply with the guaranteed delivery procedures described below.

By delivering a computer-generated message through DTC's ATOP system, you will represent to us, as set forth in the letter of transmittal, among other things, that:

you are acquiring the exchange notes in the exchange offer in the ordinary course of your business;

you are not engaging in and do not intend to engage in a distribution of the exchange notes;

you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes; and

you are not our affiliate.

Special Procedures for Beneficial Owners	If you are the beneficial owner of old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name your old notes are registered and instruct that person to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name your old notes are registered. The transfer of registered ownership may take considerable time. See The Exchange Offer Procedures for Tendering.
Guaranteed Delivery Procedures	If you wish to tender your old notes and time will not permit the documents required by the letter of transmittal to reach the exchange agent before the expiration date for the exchange offer, or the procedure for book-entry transfer cannot be completed on a timely basis, you must tender your old notes according to the guaranteed delivery procedures described in this prospectus under the heading The Exchange Offer Guaranteed Delivery Procedures.
Acceptance of Old Notes and Delivery of Exchange Notes	Except under the circumstances summarized above under Conditions to the Exchange Offer, we will accept for exchange any and all old notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date for the exchange offer. The exchange notes to be issued to you in an exchange offer will be delivered promptly following the expiration of the exchange offer. See The Exchange Offer Terms of the Exchange Offer.
Withdrawal Rights	You may withdraw any tender of your old notes at any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will return to you any old notes

not accepted for exchange for any reason without expense to you as promptly as we can after the expiration or termination of the exchange offer. See The Exchange Offer Withdrawal Rights.

Exchange Agent

Wells Fargo Bank, National Association, the trustee under the indenture governing the notes, is serving as the exchange agent in connection with the exchange offer.

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Consequences of  
Failure to  
Exchange

If you do not participate or properly tender your old notes in the exchange offer:

you will reta