Tax Asset Protection Rights Agreement – Frequently Asked Questions

This Frequently Asked Questions document is not intended to be a complete description of the Tax Asset Protection Rights Agreement adopted by Cambium Learning Group, Inc. (the "Company" or "Cambium") on September 21, 2016 (the "Rights Agreement"). Please refer to the full text of the Rights Agreement available on the Company's website located at cambiumlearning.com under the "Investor Relations" section.

Q: Why did the Company adopt the Tax Asset Protection Rights Agreement?

A: The Company has substantial net operating loss carryforwards (NOLs) and other tax assets, which can be used to offset tax liabilities. The Company's ability to fully utilize the NOLs may be substantially limited if the Company experiences an "ownership change," as determined under Section 382 of the Internal Revenue Code ("Section 382"). The Rights Agreement is intended to reduce the likelihood of an "ownership change" by acting as a deterrent to any person who might attempt to acquire beneficial ownership of 4.99% or more of the outstanding shares of the Company.

Q: If there is an "ownership change," what is the risk to Cambium's tax assets?

A: If Cambium experiences an "ownership change" within the meaning of Section 382, the timing and usage of the tax benefits could be adversely impacted which could impair the value of those assets.

Q: How does the Tax Asset Protection Rights Agreement work to protect the tax assets?

A: The Rights Agreement places a potential acquirer at the risk of suffering substantial dilution of its economic stake and voting power in the Company if it accumulates stock of the Company in a manner that would jeopardize the Company's tax assets. If the Rights Agreement is triggered, it would allow every shareholder, other than such acquirer, to purchase common stock of the Company at a substantial discount. In addition, the Board may exchange the Rights (i.e. a cashless transaction) - other than the Rights held by such acquirer - for shares of common stock.

Q: How are my Rights evidenced before the plan is triggered?

A: Unless and until the plan is triggered and the Rights become exercisable, the Rights will be evidenced by the certificates representing the shares of common stock registered in the names of the holder thereof (or by book entry), and not by separate rights certificates. The Rights may only be transferred with the corresponding shares of common stock.

Q: How are my Rights evidenced after the plan is triggered?

A: If the plan is triggered, the Rights will detach from each share of common stock and a separate certificate ("Rights Certificate") will be distributed to the holders (except for an acquiring stockholder that triggers the plan). After that time, the Rights will be solely evidenced by such Rights Certificate.

Q: Will the Tax Asset Protection Rights Agreement prevent an ownership change under Section 382?

A: The Rights Agreement is designed to reduce the likelihood of an ownership change by acting as a deterrent measure. It is intended to make an acquisition of 4.99% or more unattractive to a potential acquiring shareholder due to the threat of dilution. It does not prevent a shareholder from making such an acquisition and, in the event that such an acquisition was made, that acquisition could increase the "ownership change" under the Section 382 calculation which has the potential to limit utilization of the Company's tax assets.

Q: When will the Tax Asset Protection Rights Agreement expire?

A: The Rights Agreement will expire upon the earlier of (i) three years from the effective date of the Rights Agreement, (ii) the time at which the Rights are redeemed or exchanged as provided for under the Rights Agreement, (iii) the date on which the Board determines in its sole discretion that the Rights Agreement is no longer necessary for the preservation of the Company's tax assets, (iv) the beginning of a taxable year of the Company to which the Board determines in its sole discretion that no NOLs or other tax assets may be carried forward, or (v) the date on which the Board determines in its sole discretion that the Rights Agreement is no longer in the best interest of the Company and its stockholders.

Q: How will the plan impact existing shareholders?

A: Stockholders that beneficially own 4.99% or more of the outstanding Common Stock on the date the Rights Agreement is adopted will be "grandfathered" into the Rights Agreement. According to the Company's Definitive Proxy Statement filed on April 15, 2016, no stockholder other than VSS-Cambium Holdings III, LLC ("VSS"), held 5% or greater beneficial ownership of the Company.

Veronis Suhler Stevenson, the Company's controlling stockholder, and its subsidiaries and affiliates are designated as Exempt Persons under the Rights Agreement.

Q: Has Cambium experienced an ownership change under Section 382?

A: The provisions of Section 382 are complex, subject to interpretation, and are measured based on the fair market value of stock interests, which change over time. Cambium believes that no ownership change as defined in Section 382 has occurred as of the date of the Rights Agreement adoption by the Board.

Q: Will the Plan or dividend of rights affect earnings per share?

A: No. The adoption of the Rights Agreement is not dilutive and will not affect reported earnings per share.

Q: What other companies have adopted similar plans?

A. Many other public companies with significant NOLs have adopted this type of plan, examples include AOL, Vonage, Leap Wireless, Ford Motor Company, Time Warner Telecom, Citigroup, JC Penney, etc.

Forward-Looking Statements

This communication contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this news release may not occur. Generally, Cambium Learning Group, Inc.'s forward-looking statements relate to Cambium Learning Group, Inc.'s business plans or strategies, projected or anticipated benefits or other consequences of Cambium Learning Group, Inc.'s plans or strategies, financing plans, projected or anticipated benefits from acquisitions that Cambium Learning Group, Inc. may make, or a projection involving anticipated revenues, earnings or other aspects of Cambium Learning Group, Inc.'s operating results or financial position, and the outcome of any contingencies. These forward-looking statements also include, without limitation, statements relating to the use of NOLs to offset future taxable income and the use of the Rights Agreement to prevent an "ownership change" as defined in Section 382 of the Internal Revenue Code. Any such forward-looking statements are based on current expectations, estimates and projections of management and facts as they are known today to Cambium Learning Group, Inc.'s Board and management. Cambium Learning Group, Inc. intends for its forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements under the federal securities laws. Words such as "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions are intended to identify forward-looking statements. Many of these statements are beyond Cambium Learning Group, Inc.'s control, and factors beyond Cambium Learning Group, Inc.'s control may influence the accuracy of the statements and the projections upon which the statements are based. Factors that could cause actual results to differ materially from those set forth or implied by any forward-looking statement include, but are not limited to, the difficulty of determining all of the facts relative to Sections 382 and 383 of the Internal Revenue Code, unreported buying and selling activity by stockholders and unanticipated interpretations of the Internal Revenue Code and regulations, Cambium Learning Group, Inc.'s ability to generate taxable income to utilize all or a portion of the NOLs prior to the expiration thereof, the possibility that the Rights Agreement may not successfully deter stockholders from triggering an ownership change through the purchase of Cambium Learning Group, Inc. common stock, risks associated with the enforceability of the Rights Agreement under Delaware law or other applicable law, risks that the Rights Agreement may discourage third party offers to acquire Cambium Learning Group, Inc., or any interests therein, risks that the Rights Agreement may have an adverse effect on the value of Cambium Learning Group, Inc.'s common stock, and risks and uncertainties discussed in Cambium Learning Group, Inc.'s reports filed with the Securities and Exchange Commission, including, but not limited to, Cambium Learning Group, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and other filings. Copies of these filings are available at www.sec.gov. Any one or more of these uncertainties, risks and other influences could materially affect Cambium Learning Group, Inc.'s results of operations and whether forward-looking statements made by Cambium Learning Group, Inc. ultimately prove to be accurate. Cambium Learning Group, Inc.'s actual results, performance and achievements could differ materially from those expressed or implied in its forward-looking statements. Except as required by law, Cambium Learning Group, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.