CAMBIUM LEARNING GROUP, INC.
Form DEF 14A
April 04, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Rule 14a-12

CAMBIUM LEARNING GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ 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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Cambium Learning Group, Inc.

17855 N. Dallas Parkway, Suite 400

Dallas, Texas 75287

(214) 932-9500

Dear Stockholder:

I would like to extend a personal invitation for you to join us at the Annual Meeting of Stockholders of Cambium Learning Group, Inc. (the Company) on Wednesday, May 15, 2013, at 8:30 a.m. (Central Time), at the Company s offices located at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287.

At this year s meeting, you will be asked to vote on the election of three Class I directors, and the ratification of the appointment of Whitley Penn LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2013. Attached you will find a notice of meeting and proxy statement that contain additional information about these proposals and the meeting itself, such as the different methods you can use to vote your proxy, including the telephone and Internet.

We hope that you will find it convenient to attend the meeting in person. Whether or not you expect to attend in person, I encourage you to vote your shares to ensure your representation at the meeting and the presence of a quorum. If you do attend the meeting, you may withdraw your proxy if you wish to vote in person.

On behalf of the Board of Directors of the Company, I would like to express our appreciation for your continued support of Cambium Learning Group, Inc.

Sincerely,

Joe Walsh

Chairman of the Board

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CAMBIUM LEARNING GROUP, INC.

17855 N. Dallas Parkway, Suite 400

Dallas, Texas 75287

(214) 932-9500

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 15, 2013

To the Stockholders of Cambium Learning Group, Inc.:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders (the *Annual Meeting*) of Cambium Learning Group, Inc. (the *Company*, *we*, *our* or *us*). The Annual Meeting will be held at our offices at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287, on May 15, 2013, at 8:30 a.m., Central Time, for the following purposes, which are described more fully in the Proxy Statement accompanying this Notice of Annual Meeting:

1. To elect three Class I directors to each serve for a three-year term that expires at the 2016 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;

2. To ratify the appointment of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

3. To transact such other business as may properly come before the Annual Meeting, including any motion to adjourn to a later date to permit further solicitation of proxies, if necessary, or before any adjournment thereof.

The Annual Meeting will begin promptly at 8:30 a.m., Central Time, and check-in will begin at 8:00 a.m., Central Time. Only holders of record of shares of our common stock at the close of business on March 18, 2013, the date fixed by our Board of Directors as the record date for the Annual Meeting, will be entitled to notice of, and to vote at, the meeting and any postponements or adjournments of the Annual Meeting.

To help conserve resources and reduce printing and distribution costs, instead of mailing paper copies of this Proxy Statement and our 2012 Annual Report, we will be mailing most of our stockholders a Notice of Internet Availability of Proxy Materials together with instructions on how to access over the Internet our proxy materials, including this Proxy Statement, our 2012 Annual Report and a form of proxy card or voting instruction card. The notice will also contain instructions on how a stockholder can receive a paper copy of our proxy materials.

For a period of at least 10 days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available and open to the examination of any stockholder for any purpose relating to the Annual Meeting during normal business hours at our principal executive offices located at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287.

By Order of the Board of Directors,

Todd W. Buchardt

Secretary and General Counsel

Dallas, Texas

April 4, 2013

YOUR VOTE IS IMPORTANT!

ALL STOCKHOLDERS OF RECORD AS OF MARCH 18, 2013, ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE BY INTERNET, BY TELEPHONE, OR, IF YOU RECEIVED PER YOUR REQUEST A PAPER COPY OF OUR PROXY MATERIALS, COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. NO ADDITIONAL POSTAGE IS NECESSARY IF THE PROXY CARD IS MAILED IN THE UNITED STATES OR CANADA. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE MEETING AND YOU MAY VOTE IN PERSON IF YOU ATTEND THE MEETING.

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CAMBIUM LEARNING GROUP, INC.

17855 N. Dallas Parkway, Suite 400

Dallas, Texas 75287

(214) 932-9500

PROXY STATEMENT

FOR

2013 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 15, 2013

This Proxy Statement is furnished by the Board of Directors of Cambium Learning Group, Inc., a Delaware corporation, in connection with the Company s solicitation of proxies for use at our 2013 Annual Meeting of Stockholders to be held on Wednesday, May 15, 2013, beginning at 8:30 a.m., Central Time, at our offices located at 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287, and at any postponements or adjournments thereof. This Proxy Statement contains important information regarding the Annual Meeting. Specifically, it identifies the matters upon which you are being asked to vote, provides information that you may find useful in determining how to vote and describes the voting procedures.

As used in this Proxy Statement: the terms *we*, *our*, *us* and the *Company* each refer to Cambium Learning Group, Inc.; the term *Board* mea our Board of Directors; the term *proxy materials* means this Proxy Statement, the proxy card, and our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the U.S. Securities and Exchange Commission (the *SEC*) on March 8, 2013; and the term *Annual Meeting* means our 2013 Annual Meeting of Stockholders.

We are sending the Notice of Internet Availability of Proxy Materials on or about April 4, 2013, to all stockholders of record at the close of business on March 18, 2013, the date fixed by the Board as the record date for the Annual Meeting (the *Record Date*).

Why am I receiving these proxy materials?

You are receiving these proxy materials from us because you were a stockholder of record at the close of business on the Record Date (which was March 18, 2013). As a stockholder of record, you are invited to attend the Annual Meeting and are entitled to and requested to vote on the items of business described in this Proxy Statement.

Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?

This year, we are pleased to be distributing our proxy materials to certain shareholders via the Internet under the notice and access approach permitted by rules of the SEC. This approach conserves natural resources and reduces our costs of printing and distributing the proxy materials, while providing a convenient method of accessing the materials and voting. On April 4, 2013, we mailed a Notice of Internet Availability of Proxy Materials to participating shareholders, containing instructions on how to access the proxy materials on the internet.

Who is entitled to attend the meeting?

You are entitled to attend the meeting only if you owned our common stock (or were a joint holder) as of March 18, 2013 or if you hold a valid proxy for the meeting. You should be prepared to present photo identification for admittance to the Annual Meeting. The meeting will begin promptly at 8:30 a.m., Central Time. Check-in will begin at 8:00 a.m., Central Time.

Please also note that if you are not a stockholder of record but hold shares in *street name* (that is, through a broker, bank, trustee or other nominee), you will need to provide proof of beneficial ownership as of March 18, 2013, such as your most recent brokerage

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account statement, a copy of the voting instruction card provided by your broker, bank, trustee or other nominee, or other similar evidence of ownership.

Who is entitled to vote at the meeting?

Only stockholders who owned our common stock at the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting, and at any postponements or adjournments thereof.

As of the Record Date, 46,904,200 shares of our common stock were outstanding. Each outstanding share of our common stock entitles the holder to one vote on each matter to be considered at the meeting. Accordingly, there are a maximum of 46,904,200 votes that may be cast at the meeting.

How many shares must be present or represented to conduct business at the meeting (that is, what constitutes a quorum)?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock entitled to vote at the meeting will constitute a quorum. A quorum is required to conduct business at the meeting. The presence of the holders of our common stock representing at least 23,452,101 votes will be required to establish a quorum at the meeting. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

What items of business will be voted on at the meeting?

The items of business scheduled to be voted on at the Annual Meeting are as follows:

1. the election of three nominees to serve as Class I directors on our Board; and

2. the ratification of the appointment of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

These proposals are described more fully in this Proxy Statement. We are not aware of any other business to be presented at the Annual Meeting. As of the date of this Proxy Statement, no stockholder had advised us of the intent to present any business at the Annual Meeting. Accordingly, the only business that our Board intends to present at the meeting is as set forth in this Proxy Statement.

If any other matter or matters are properly brought before the meeting, it is the intention of the persons who hold proxies to vote the shares they represent in accordance with their best judgment.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered in your name with our transfer agent, Wells Fargo Shareowner Services, you are the shareholder of record of those shares. This Notice of Annual Meeting and Proxy Statement and any accompanying documents have been provided directly to you by Cambium.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of those shares, and this Notice of

Annual Meeting and Proxy Statement and any accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of

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record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the internet.

How can I vote my shares without attending the meeting?

No matter how you hold shares of our common stock, you may direct how your shares are voted without attending the Annual Meeting. There are three ways to vote by proxy without attending the meeting.

By Internet Stockholders who received a Notice may submit proxies over the Internet by following the instructions on the Notice. Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or voting instruction card.

By Telephone Stockholders of record may submit proxies by telephone by following the instructions on the Notice or the proxy card. You will need to have the three digit company number and the eleven digit control number that appears on your Notice or proxy card available when voting by telephone.

By Mail Stockholders who requested and have received a paper copy of a proxy card or a voting instruction card by mail may submit proxies by completing, signing and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed envelope.

How can I vote my shares in person at the meeting?

Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, bank, trustee or other nominee that holds your shares, giving you the right to vote the shares. Even if you plan to attend the meeting, we recommend that you also submit your proxy card or voting instruction card as described above so that your vote will be counted if you later decide not to, or are unable to, attend the meeting.

Can I change my vote?

You may change your vote at any time prior to the vote at the meeting. If you are the stockholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to our Secretary prior to your shares being voted, or by attending the meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked, unless you specifically so request.

For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank, trustee or other nominee or, if you have obtained a legal proxy from your broker, bank, trustee or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

What vote is required to approve each item and how are abstentions treated?

Assuming the existence of a quorum at the Annual Meeting, the vote required to approve each item of business and the method for counting votes is set forth below:

Election of Directors (Proposal 1). The election to the Board of three nominees will require the vote of the holders of a plurality of

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the shares represented in person or by proxy at a meeting at which a quorum is present. Abstentions and broker non-votes will not affect the election outcome.

Ratification of Whitley Penn LLP as our Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2013 (Proposal 2). The vote of the holders of a majority of the shares entitled to vote and represented in person or by proxy at a meeting at which a quorum is present is required to ratify the selection of Whitley Penn LLP as our registered public accounting firm for the fiscal year 2013 by the Audit Committee of our Board of Directors. Broker non-votes will be counted as a FOR vote for this proposal. Abstentions will have the same effect as an AGAINST vote for this proposal.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you sign your proxy card or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board (FOR the election of all of the Company s nominees to the Board and FOR the ratification of Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013, and in the discretion of the proxy holders on any other matters that may properly come before the Annual Meeting and at any postponements or adjournments of the meeting).

What happens if additional matters are presented at the meeting?

Other than the two proposals described in this Proxy Statement, we are not aware of any other business to be acted upon at the meeting. If you grant a proxy, the person named as proxy holder Todd W. Buchardt, our General Counsel, will have the discretion to vote your shares on any additional matters that may be properly presented for a vote at the meeting. If, for any unforeseen reason, any of our nominees for Class I Directors is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by our Board.

Who is soliciting my vote and who will bear the costs of this solicitation?

Your vote is being solicited by the Company at the direction of the Board, and the Company will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this Proxy Statement. In addition to providing these proxy materials, our directors and employees may also solicit proxies in person, by telephone, by electronic mail or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We may also engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, banks, nominees and other institutional owners. The costs for such services, if retained, will not be material.

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What is the deadline to propose actions for consideration at next year s Annual Meeting of Stockholders or to nominate individuals to serve as directors?

As a stockholder, you may be entitled to present proposals for action at a future meeting of stockholders, including director nominations.

Stockholder Proposals: For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting of stockholders to be held in 2014, the written proposal must be delivered to our Secretary at our principal executive offices at the address set forth on the cover of this Proxy Statement so that notice will be received by us no earlier than close of business on January 15, 2014, and no later than the close of business on February 14, 2014. Such proposal must comply with the proxy rules promulgated by the SEC in order to be included in our proxy statement and form of proxy related to the meeting. If notice of any stockholder proposal not eligible for inclusion in our proxy statement and form of proxy is given to us after February 14, 2014, then proxy holders will be allowed to use their discretionary voting authority on such stockholder proposal when the matter is raised at such meeting. In no event will the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder s notice as described above. Stockholders interested in submitting such a proposal are advised to contact knowledgeable legal counsel with regard to the detailed requirements of applicable securities laws.

Nomination of Director Candidates: Stockholders may propose director candidates for consideration by our Board. Any such recommendations should include the nominee s name and qualifications for Board membership and should be directed to our Secretary at the address of our principal executive offices set forth on the cover of this Proxy Statement. In addition, our bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. In order to nominate a director, the stockholder must provide the information required by our bylaws, as well as a statement by the nominee consenting to being named as a nominee and to serve as a director if elected. In addition, the stockholder must give timely notice to our Secretary as described in Stockholder Proposals above.

Copy of Bylaw Provisions: For more information regarding stockholder proposal deadlines, please see Section 2.10 of our Bylaws. You may contact our Secretary at our principal executive offices as set forth on the cover of this Proxy Statement for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

EXPLANATORY NOTE

The Company was incorporated in Delaware in 2009 in connection with the transactions contemplated by that certain Agreement and Plan of Mergers, dated as of June 20, 2009 (the *Merger Agreement*), by and among the Company, Voyager Learning Company, a Delaware corporation (*Voyager*), Vowel Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Company (*Vowel Merger Sub*), VSS-Cambium Holdings II Corp., a Delaware corporation (*Cambium Holdings*), Consonant Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Company (*Consonant Merger Sub*), and Vowel

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Representative, LLC, a Delaware limited liability company, as Stockholders Representative. On December 9, 2009, the transactions contemplated by the Merger Agreement were completed, pursuant to which Vowel Merger Sub was merged with and into Voyager, and Consonant Merger Sub was merged with and into Cambium Holdings, with each of Voyager and Cambium Holdings surviving their respective mergers and continuing as wholly owned subsidiaries of the Company (together, the *Mergers*).

SECURITIES OWNERSHIP

Security Ownership of Certain Beneficial Owners and Management

The following table provides information relating to the beneficial ownership of our common stock as of the Record Date (which is March 18, 2013), by:

- each stockholder known by us to own beneficially more than 5% of our outstanding common stock;
- each of our executive officers named in the Summary Compensation Table on page 24 of this Proxy Statement (these executive officers are sometimes referred to herein as the *Named Executive Officers*);
- each of our directors; and
- all of our directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officers is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has the sole or shared voting power or investment power and any shares that the individual has the right to acquire within 60 days of March 18, 2013 (the Record Date) through the exercise of stock options, warrants or other convertible securities or any other right. Shares of our common stock that a person has the right to acquire within 60 days of the Record Date are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person or group (except with respect to the percentage ownership of all directors and executive officers as a group).

The number and percentage of shares beneficially owned is computed on the basis of shares of our common stock outstanding as of the Record Date plus an aggregate of unvested restricted shares of common stock awarded to certain directors. The information in the following table regarding the beneficial owners of more than 5% of our common stock is based upon information supplied by our principal stockholders or set forth in Schedules 13D and 13G filed with the SEC. The determination that there were no other persons, entities or groups known to the Company to beneficially own more than 5% of the Company s outstanding common stock was based on a review of all statements and reports filed with the SEC with respect to the Company pursuant to Section 13(d) or 13(g) of the Exchange Act since the beginning of the prior fiscal year.

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To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person or entity named in the table has sole voting and disposition power with respect to the shares set forth opposite such person s or entity s name. The address for those persons for which an address is not otherwise provided is c/o Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Shares of Common Stock Outstanding(1)
5% Stockholders:		
VSS-Cambium Holdings III, LLC c/o Veronis Suhler Stevenson 55 East 52nd Street, 33rd Floor New York, New York 10055	32,321,613(2)	67.8%
Directors and Executive Officers:		
David Bainbridge c/o Veronis Suhler Stevenson 55 East 52nd Street, 33rd Floor New York, New York 10055	32,321,613(3)	67.8%
Walter G. Bumphus	19,159	
Thomas Kalinske	38,030	*
Harold O. Levy	18,030	*
Jeffrey T. Stevenson c/o Veronis Suhler Stevenson 55 East 52nd Street, 33rd Floor New York, New York 10055	32,321,613(3)	67.8%
Richard J. Surratt	32,747	*
Neil Weiner c/o Foxhill Capital Partners, LLC 502 Carnegie Center, Suite 104 Princeton, New Jersey 08540	1,557,599(4)	3.4%
Ronald Klausner	741,193(5)	1.6%
Vernon Johnson	161,875(6)	*
Joe Walsh	(11)	*
Bradley C. Almond	192,171(7)	*
John Campbell	227,704(8)	*
Todd W. Buchardt	137,005(9)	*
All directors and executive officers as a group (15 individuals)	35,534,535(10)	72%

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

(1) Ownership percentages are based on 46,904,200 shares of common stock of the Company outstanding as of March 18, 2013 (the Record Date for the Annual Meeting).

(2) VSS-Cambium Holdings III, LLC, a Delaware limited liability company (*V-C Holdings III*), filed Amendment No. 2 to Schedule 13D with the SEC on August 16, 2011. According to the amended Schedule 13D, V-C Holdings III beneficially owned 32,181,068 shares of our common stock, with sole voting and dispositive power over such shares. These shares are comprised of: (i) 31,584,400 shares of common stock; and (ii) 737,213 shares of common stock underlying a common stock warrant (the *Warrant*) issued to V-C Holdings III pursuant to the terms of the Merger Agreement. Since the filing of the Schedule 13D, the number of shares of common stock underlying the Warrant has increased by an aggregate of 140,545 shares, and may be further increased under certain circumstances, in accordance with the terms and provisions of the Warrant. Thus, V-C Holdings III may be deemed to beneficially own an aggregate of 32,321,613 shares of our common stock as of the Record Date.

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(3) By virtue of their positions within Veronis Suhler Stevenson (*VSS*) and by virtue of VSS equity interest in V-C Holdings III, Messrs. Stevenson and Bainbridge each may be deemed to share investment and voting control with respect to the 32,321,613 shares of common stock owned by V-C Holdings III. See Note (2) above.

(4) By virtue of his position with Foxhill Capital Partners, LLC, a Delaware limited liability company, and certain of its affiliates (*Foxhill*), Mr. Weiner may be deemed to beneficially own an aggregate of 1,581,629 shares of our common stock as of the Record Date, including 1,557,599 shares of common stock owned by Foxhill and 24,030 shares owned directly by Mr. Weiner.

(5) This number includes options to purchase 613,963 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013. Mr. Klausner resigned effective March 19, 2013.

(6) This number includes options to purchase 161,875 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013. Dr. Johnson resigned effective March 19, 2013.

(7) This number includes options to purchase 187,500 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013. Mr. Almond resigned effective March 19, 2013.

(8) This number includes options to purchase 225,000 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013.

(9) This number includes options to purchase 131,250 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013.

(10) This number includes (i) options to purchase an aggregate of 1,623,058 shares of our common stock which are currently exercisable or which will become exercisable within 60 days of March 18, 2013; (ii) an aggregate of 32,321,613 shares of common stock that may be deemed to be beneficially owned by each of Messrs. Stevenson and Bainbridge, including 737,213 shares issuable upon exercise of the Warrant; and (iii) an aggregate of 1,557,599 shares of common stock that may be deemed to be beneficially owned by Mr. Weiner. Shares beneficially owned by both Messrs. Stevenson and Bainbridge are only included once in calculating the aggregate number of shares owned by directors and executive officers as a group.

(11) Appointed as a director and Chairman of Board on March 19, 2013.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and the beneficial owners of more than 10% of our registered equity securities to file reports of ownership and reports of changes in ownership with the SEC. Such reporting persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file based solely on our review of the copies of such forms received by us, we believe that these persons complied with all the applicable filing requirements during our fiscal year ending December 31, 2012.

CORPORATE GOVERNANCE AND BOARD MATTERS

Board Structure

Our amended and restated certificate of incorporation provides that the Board shall consist of nine directors. Currently, the Company s nine directors are David Bainbridge, Walter G. Bumphus, John Campbell, Thomas Kalinske, Harold O. Levy, Jeffrey T. Stevenson, Richard J. Surratt, Joe Walsh and Neil Weiner. Our directors are divided into three classes Class I, Class II and Class III with three directors in each class. The directors in each class serve for staggered three-year terms. Messrs. Levy,Kalinske and Walsh are Class I directors whose terms will expire at our 2013 Annual Meeting of Stockholders. Each of these directors has been nominated for re-election to the Board. Messrs. Bainbridge, Bumphus and Weiner are Class II directors whose terms will expire at our 2014 Annual Meeting of Stockholders. Messrs. Stevenson and Surratt are Class III directors whose terms will expire at our 2013 Annual Meeting of Stockholders.

Director Independence

Our Board has determined that each of Walter Bumphus, Thomas Kalinske, Harold O. Levy, Richard Surratt, and Neil Weiner satisfy the current independent director standards established by rules of The NASDAQ Stock Market LLC (*NASDAQ*) and, as to the members of the Audit Committee of our Board, the additional independence requirements under applicable rules and regulations of the SEC. Since the Company is a controlled company (as defined in NASDAQ Rule 5615(c)(2)), it is not required to have a majority of the Board comprised of independent directors. See Controlled Company Status below for additional information.

Board Leadership Structure

Joe Walsh serves as the Chairman of our Board and John Campbell serves as our Chief Executive Officer. We believe the separation of offices is beneficial because a separate Chairman (i) is able to provide the Chief Executive Officer with guidance and feedback on his performance, (ii) provides a more effective channel for the Board to express its views on management, and (iii) allows the Chairman to focus on stockholder interests and corporate governance while the Chief Executive Officer leads the Company s strategy development and implementation. As Mr. Walsh has significant experience with companies engaged in the media and information industries, he is particularly well suited to serve as Chairman.

Risk Oversight

The Board has the ultimate oversight responsibility for the risk management process and regularly reviews issues that present particular risk to us, including those involving competition, customer demands, economic conditions, planning, strategy, finance, sales and marketing, products, information technology, facilities and operations, supply chain, legal and environmental matters and insurance. The Board further relies on the Audit Committee for oversight of certain areas of risk management. In particular, the Audit Committee focuses on financial and enterprise risk exposures, including internal controls, and discusses with management and the Company s independent registered public accounting firm our policies with respect to risk assessment and risk management, including risks related to fraud, liquidity, credit operations and regulatory compliance, and advises the internal audit function as to overall risk assessment of the Company. The Board believes that this approach, supported by the separation of our senior leadership, provides appropriate checks and balances against undue risk-taking.

Controlled Company Status

The Company is a controlled company as defined in NASDAQ Rule 5615(c)(2) because V-C Holdings III holds more than 50% of the Company s voting power. As a controlled company, the Company is not required to have a majority of its Board comprised of independent directors, a compensation committee comprised solely of independent directors or a nominating committee comprised solely of independent directors.

Committees of the Board

Overview. Our Board has two standing committees: the Audit Committee and the Compensation Committee, which was created on February 9, 2012. The Board may, from time to time, establish other committees to facilitate the management of the Company or for any other functions it may deem necessary or appropriate. The Board may also create various *ad hoc* committees for special purposes. Committee membership will be decided by the Board members. The membership during the last fiscal year and the function of the Audit Committee is described below.

Audit Committee. The current members of the Audit Committee are Neil Weiner (Chairman), Thomas Kalinske and Harold Levy. The Board has determined that each member of the Audit Committee meets the independence and financial literacy requirements of the NASDAQ rules and the independence requirements of the SEC. Neil Weiner, by virtue of his financial and investment experience gained as founder and manager of the Foxhill funds, has been designated as the Audit Committee financial expert within the meaning of Item 407(d)(5) of Regulation S-K.

The Audit Committee oversees the Company s accounting and financial reporting processes and the audits of its financial statements. In this role, the Audit Committee monitors and oversees the integrity of the Company s financial statements and related disclosures, the qualifications, independence, and performance of the Company s independent registered public accounting firm, and the Company s compliance with applicable legal requirements and its business conduct policies. The Audit Committee has authority to retain outside legal, accounting or other advisors as it deems necessary to carry out its duties and to require the Company to pay for such expenditures. The Audit Committee has a written charter, which was adopted by our Board in December 2009, a copy of which can be found on our website at www.cambiumlearning.com. The information on our website is not a part of this Proxy Statement. During 2011, the Audit Committee held eight meetings. The report of the Audit Committee appears on page 16 of this Proxy Statement.

Compensation Committee. The Company is not required to have a Compensation Committee due to its status as a controlled company. On February 9, 2012, the Board decided to create a Compensation Committee. The Compensation Committee operates under a charter, which can be found on our website at www.cambiumlearning.com. The primary purpose of our Compensation Committee is to:

- Review and approve the compensation and benefits of our executive officers and key employees;
- monitor and review our compensation and benefit plans;
- administer our stock and other incentive compensation plans and programs and prepare recommendations and periodic reports to the Board of Directors concerning such matters;
- prepare the Compensation Committee report required by SEC rules to be included in our annual report;
- prepare recommendations and periodic reports to the Board as appropriate; and
- handle such other matters that are specifically delegated to the Compensation Committee by our Board from time to time.

Messrs. Bainbridge, Levy, and Weiner serve on the Compensation Committee, and Mr. Levy serves as the chairman. Our Board of Directors has affirmatively determined that Messrs. Levy and Weiner meet the definition of outside directors for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the definition of a non-employee director for the purposes of Section 16 of the Exchange Act and are independent Directors under NASDAQ rules.

Although Mr. Bainbridge is not an independent director under NASDAQ rules or the independence criteria of the SEC, NASDAQ rules permit one director who is not independent and is not a current officer or employee to be appointed to the compensation committee if the Board determines that such individual s membership on the committee is required by the best interest of the Company and the shareholders, and such individual does not serve longer than two years. The Board believes Mr. Bainbridge s membership is in the best interests of the Company and the shareholders because his vast experience and service on the boards of directors of numerous companies provides the compensation committee with access to information regarding business practices and strategies across several industries.

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None of our executive officers serve on the compensation committee or board of directors of any other company of which any of the members of our Compensation Committee or any of our Directors is an executive officer.

Board and Committee Meetings

The Board held six meetings during 2012 and took action by written consent on two occasions. Each director, except for Jeffrey Stevenson, attended at least 75 percent of the aggregate number of all meetings of the Board and of the committees of the Board on which he served that were held during 2012.

Director Attendance at Stockholders Meetings

We do not maintain a formal policy regarding director attendance at our annual stockholders meetings. The directors of the Company are encouraged to attend the Company s annual stockholders meetings, and we expect that, absent compelling circumstances, our directors will attend our annual stockholders meetings in person or by telephone. Each of our directors attended the Company s 2012 Annual Meeting of Stockholders, which was held on May 16, 2012.

Director Nomination Process

Nominations. Our Board does not currently have a nominating committee or other committee performing a similar function, nor do we have any formal written policies outlining the factors and process relating to the selection of nominees for consideration for Board membership by the full Board and the stockholders. As previously discussed, we are considered a controlled company under NASDAQ Rule 5615(c)(2) and therefore are not required to have a nominating committee or to have a majority of our independent members recommend qualified nominees for consideration by the Board. The Board as a whole performs the functions that would typically be performed by a nominating committee.

Our Board believes that it is appropriate for us to not have a nominating committee because, in light of V-C Holdings III s control of more than 50% of our voting power, it does not believe that a nominating committee would serve a meaningful purpose. Since there is no nominating committee, the Board does not have a nominating committee charter.

Director Qualifications. While our Board has not established specific minimum qualifications for director candidates, the candidates for Board membership should have the highest professional and personal ethics and values, and conduct themselves consistent with our code of business conduct and ethics. While our Board has not formalized specific minimum qualifications that it believes must be met by a candidate in order for such candidate to be recommended by the Board, the Board believes that candidates and nominees must reflect a Board that is comprised of directors who (i) have broad and relevant experience, (ii) are of high integrity, (iii) have qualifications that will increase overall Board effectiveness and enhance long-term stockholder value, and (iv) meet other requirements as may be required by applicable rules, such as independence, financial literacy or financial expertise with respect to Audit Committee members.

Nomination of Director Candidates: Stockholders may propose director candidates for consideration by our Board as well as nominate a director for election at our annual meeting. For more information please review the information provided in the question What is the deadline to propose actions for consideration at next year s Annual Meeting of Stockholders or to nominate individuals to serve as directors? on Page 5 of this Proxy Statement.

Identifying and Evaluating Director Nominees. Typically, new candidates for nomination to the Board are suggested by our directors or our executive officers, although candidates may initially come to our attention through professional search firms, stockholders or other persons. The Board carefully reviews the qualifications of any candidates who have been properly brought to its attention. Such a review may, in the Board s discretion, include a review solely of information provided to the Board or may also include discussion with persons familiar with the candidate, an interview with the candidate or other actions that the Board deems proper. The Board will consider the suitability of each candidate, including the current members of the Board, in light of the

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current size and composition of the Board. In evaluating the qualifications of the candidates, the Board considers many factors, including, without limitation, issues of character, judgment, independence, expertise, diversity of experience, length of service, and other commitments. The Board evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors. Candidates properly recommended by stockholders are evaluated by the Board using the same criteria as other candidates.

Director Compensation

Our current Board compensation program is as follows:

Non-Employee Directors. A *Non-Employee Director* is any director who is neither an employee of the Company or any subsidiary of the Company, nor an Affiliated Director (as defined below). Each Non-Employee Director is entitled to (i) an annual retainer of $35,000, payable in cash (pro-rated for partial year service); and (ii) an annual award of restricted common stock of the Company valued at approximately $30,000, using the then-current stock price. The restrictions on the common stock award will lapse on the one year-anniversary of the grant date or upon a change in control of the Company. The common stock awards will be made under, and will be subject to, the Company s 2009 Equity Incentive Plan (the *Equity Incentive Plan* . For fiscal year 2012, each Non-Employee Director was awarded 9,259 shares of the restricted common stock. In 2012, our Non-Employee Directors were Thomas Kalinske, Harold O. Levy, Walter G. Bumphus, Richard J. Surratt and Neil Weiner. For 2013, the Board elected to convert the annual award of restricted stock to a cash payment equal to $30,000.

Affiliated Directors. *Affiliated Directors* are directors who are employed by VSS. Each Affiliated Director is entitled to an annual retainer of $65,000, payable in cash (pro-rated for partial year service), in lieu of any annual equity compensation. The compensation payable to Affiliated Directors is required to be paid directly to VSS and not to the Affiliated Directors. In 2012, our Affiliated Directors were David Bainbridge and Jeffrey T. Stevenson.

Employee Directors. An *Employee Director* is any director who is a current officer or employee of the Company or any subsidiary of the Company. Employee Directors do not receive any additional compensation for their service as members of either the Board or any committees of the Board. In 2012, our Employee Directors were Ronald Klausner and Vernon Johnson.

All directors are entitled to reimbursement for travel and lodging and other reasonable out-of-pocket expenses incurred by them in connection with their attendance at Board and/or Board committee meetings.

In addition to any other applicable compensation payable under the director compensation program outlined above, so long as the Chairman of the Board is an Affiliated Director, he or she will be entitled to an annual retainer of $70,000, payable in cash (pro-rated for partial year service). Also, members of the Audit Committee and of the Board are entitled to receive an additional annual cash retainer of $7,000, and the Chairman of the Audit Committee is entitled to receive an additional annual cash retainer of $10,000. Non-Affiliated members of the Compensation Committee are entitled to receive an annual cash retainer equal to $2,000, and the Chairman of the Compensation Committee is entitled to receive an annual cash retainer equal to $5,000

The table below sets forth the total compensation received by our Non-Employee Directors and Affiliated Directors in 2012. The amounts in the Stock Awards column below represent the aggregate grant date fair value of awards computed in accordance with the accounting guidance for stock compensation for restricted stock awards granted to the directors in 2012.

	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)(2)	Option Awards ($)	Total ($)
Thomas Kalinske	42,000	30,000		72,000
Harold O. Levy	42,000	30,000		72,000
David Bainbridge	65,000			65,000
Walter G. Bumphus	35,000	30,000		65,000
Jeffrey T. Stevenson	65,000			65,000
Richard J. Surratt	35,000	30,000		65,000
Neil Weiner	45,000	30,000		75,000

(1) Restricted stock awards include the aggregate grant date fair value of such awards computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 (ASC 718), Compensation Stock Compensation. For a discussion of the assumptions we made in valuing the stock and option awards, see Note 17 Stock Based Compensation and Expense in the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

(2) Each of these restricted stock awards will vest over a one-year period, with 100% of such shares vesting on the first anniversary of the grant date.

Code of Ethics and Code of Conduct

We are committed to maintaining the highest standards of business conduct and ethics. Our Code of Business Conduct and Ethics (the *Code of Conduct*) and our Code of Ethics for Senior Financial Officers (the *Code of Ethics*) reflect our values and the business practices and principles of behavior that support this commitment. The Code of Ethics is intended to satisfy SEC rules for a code of ethics required by Section 406 of the Sarbanes-Oxley Act of 2002, and the Code of Conduct is intended to satisfy the NASDAQ listing standards requirement for a code of conduct. Both the Code of Ethics and the Code of Conduct are available on our website at www.cambiumlearning.com. We will post any amendment to the Code of Ethics or the Code of Conduct, as well as any waivers that are required to be disclosed by the rules of the SEC or NASDAQ, on our website. The information on our website is not a part of this Proxy Statement. Each of the Code of Ethics and the Code of Conduct also is available in print, free of charge, to any stockholder who requests a copy by writing to the Company at the following address: Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287, Attention: Secretary.

Compensation Committee Interlocks and Insider Participation

During 2012 no officer or employee, or any former officer participated in deliberations of the Board concerning such executive officer compensation. No interlocking relationship existed between any executive officer or director of the Company and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past.

Certain Relationships and Related Transactions

Review of Related Person Transactions

Our Board s policy, as set forth in the Audit Committee s charter, is that all transactions with related persons, as contemplated by Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended (the *Securities Act*), are subject to review and approval by our Audit Committee.

Transactions with Related Persons

Messrs. Stevenson and Bainbridge directors of the Company, are a partner and managing directors, respectively of VSS. Funds managed by VSS own a majority of the equity interests in the Company.

A consulting fee agreement was entered into between the Company and VSS, entitling VSS to the following fees:

a fee equal to 1% of the gross proceeds of any debt or equity financing by the Company; and

a fee equal to 1% of the enterprise value of any entities acquired or disposed of by the Company.

In March 2013, the Board approved an amendment to the consulting fee agreement that pays VSS an additional $70,000 per year for its oversight and assistance it provides the Company in a number of financial and operational areas.

These obligations will remain in effect until the earlier of the date on which VSS-Cambium Holdings III, LLC or funds managed by VSS cease to beneficially own at least 10% of the outstanding common stock of the Company or, unless the Company s Audit Committee renews the consulting fee agreement, January 1, 2015.

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In addition to serving as Chairman, Mr. Walsh will also be engaged as a consultant to the Company on a regular basis. For his services as Chairman and as a consultant to the Company, Mr. Walsh will receive total annual compensation of $300,000, comprised of the compensation to which he is entitled as a Non-Employee Director under the Company s Board compensation program (Mr. Walsh is not an Affiliated Director under that program) and the balance comprised of fees received pursuant to a consulting agreement with the Company. Prior to this arrangement, Mr. Walsh provided consulting services to the Company on an as-needed basis at rate of $25,000 per month.

In addition, Mr. Walsh entered into the Company s form indemnification agreement, a copy of which is attached to the Company s Current Report on Form 8-K filed on June 1, 2010 and is incorporated herein by reference.

Mr. Walsh has no family relationships with any director or executive officer of the Company, and there are no arrangements or understandings with any person pursuant to which he was selected as an officer of the Company.

Stockholder Communications with the Board

Stockholders wishing to communicate with the Board or with an individual Board member, including any non-management member of the Board, may do so by writing to the attention of the Board or to the particular Board member and mailing the correspondence to: Attention: Board of Directors (or name of Board member(s)), c/o Secretary, Cambium Learning Group, Inc., 17855 N. Dallas Parkway, Suite 400, Dallas, Texas 75287. The envelope should indicate that it contains a stockholder communication. All such stockholder communications will be forwarded to the director or directors to whom the communications are addressed.

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REPORT OF THE AUDIT COMMITTEE

The Report of the Audit Committee does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other Company filing under the Securities Act or the Exchange Act whether made before or after the date of this Proxy Statement and irrespective of any general incorporation language in those filings, except to the extent that the Company specifically incorporates the Report of the Audit Committee by reference therein.

The Audit Committee of the Board of Directors is currently comprised solely of independent directors meeting the requirements of applicable rules of the SEC and of the NASDAQ Global Market. All members of the Audit Committee were appointed by the Board of Directors. The Audit Committee operates pursuant to a written charter adopted by the Board of Directors. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. As more fully described in the charter, the purpose of the Audit Committee is to provide general oversight of the Company s financial reporting, integrity of financial statements, internal controls and internal audit functions.

The Audit Committee monitors the Company s external audit process, including the scope, fees, auditor independence matters and the extent to which the Company s independent registered public accounting firm may be retained to perform non-audit services. The Audit Committee has responsibility for the appointment, compensation, retention and oversight of the Company s independent registered public accounting firm. The Audit Committee also reviews the results of the external audit work with regard to the adequacy and appropriateness of the Company s financial, accounting and internal controls over financial reporting. In addition, the Audit Committee generally oversees the Company s internal compliance programs. The Audit Committee members are not all professional accountants or auditors, and their function is not intended to duplicate or to certify the activities of management and the independent registered public accounting firm.

Management is responsible for the preparation, presentation and integrity of the Company s financial statements, accounting and financial reporting principles, and internal controls and procedures designed to ensure compliance with applicable accounting standards, laws and regulations. The Company s independent registered public accounting firm, Whitley Penn LLP, is responsible for performing an independent audit of the Company s financial statements in accordance with generally accepted auditing standards and expressing an opinion in its report on those financial statements. For the fiscal year ended December 31, 2012, Whitley Penn LLP also has issued an opinion on the effectiveness of the Company s internal control over financial reporting.

The Audit Committee provides oversight, advice, counsel and direction to management and the independent registered public accounting firm on matters for which it is responsible based on the information it receives from management and the independent registered public accounting firm and the experience of its members in business, financial and accounting matters.

The Audit Committee reviewed the Company s audited financial statements for the fiscal year ended December 31, 2012, and met with both management and Whitley Penn LLP to discuss those financial statements and Whitley Penn LLP s related opinion. Management and the independent registered public accounting firm have represented to the Audit Committee that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The Audit Committee has discussed with Whitley Penn LLP the matters required to be discussed by American Institute of Certified Public Accountants, *Professional Standards* , Vol. 1, AU section 380, as adopted by the Public Company Accounting Oversight Board (*PCAOB*) in Rule 3200T.

The Audit Committee has also received and reviewed the written disclosures and the letter from Whitley Penn LLP required by applicable requirements of the PCAOB regarding Whitley Penn LLP s communications with the Audit Committee concerning independence, and the Audit Committee has discussed with Whitley Penn LLP its independence.

Based on its review and the meetings, discussions and reports described above, and subject to the limitations of its role and responsibilities referred to above and in its charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2012, be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2012 to be filed with the SEC.

Members of the Audit Committee:

Neil Weiner, Chairman

Thomas Kalinske

Harold Levy

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PROPOSAL ONE

ELECTION OF DIRECTORS

Director Nominees

The Board has nominated Thomas Kalinske, Harold Levy and Joe Walsh for re-election as Class I directors. If re-elected to the Board, Messrs. Johnson, Kalinske and Levy would each hold office as a Class I director until our Annual Meeting of Stockholders to be held in 2016 and until his respective successor has been duly elected and qualified, or until his earlier death, resignation or removal. Each of Messrs. Kalinske, Levy, and Walsh consented to be named as a nominee and, if elected, to serve as a director.

If any of the nominees named above is unable or unwilling to serve as a director, your proxy will be voted for such other person or persons as the Board may recommend. We do not anticipate that such an event will occur.

Information about the Nominees

Harold O. Levy. Harold O. Levy has served as a Class I director of the Company since January 2010. He is a member of the Audit Committee and the Compensation Committee of the Board. Mr. Levy has been a Managing Director at Palm Ventures, LLC since 2009, where he concentrates on investments in education, regulated industries and allied fields. Prior to that, he was the Managing Director and Special Counsel at Plainfield Asset Management. He previously served as Executive Vice President and General Counsel at Kaplan, Inc., where he was a member of the Executive Team of Kaplan University and founded Kaplan University s online School of Education. Mr. Levy was the New York City Schools Chancellor from 2000 to 2002; he created accountability metrics, started the Teaching Fellows Program for career changers and significantly improved reading and math scores.

From 1986 to 2000, Mr., Levy served in numerous legal, regulatory and management positions in the financial services industry. He was Director of Global Compliance of Citigroup, Inc., Associate General Counsel of Travelers Group, Inc., Litigation Counsel and Counsel to the Investment Bank of Salomon Brothers Inc., and Assistant General Counsel of Philipp Brothers, Inc. (Phibro) He has also served on the board of the Coffee, Sugar & Cocoa Exchange, Inc. and on the National Adjudicatory Council of Financial Industry Regulatory Authority.

Mr. Levy sits on the Presidential Advisory Council of the Teachers College (Columbia University), the National Dropout Prevention Center Board, , the College Board s Innovations Advisory Group, the Western Association of Schools and Colleges Financial Task Force, and the boards of Pace University and Cogswell College. He has served on numerous governmental boards and committees, including the New York State Board of Regents and the US Department of Education s Committee on Measures of Student Success.

Mr. Levy s extensive experience in both the K-12 and online education marketplace provides us with guidance on addressing the needs of large schools districts and the conversion of print based materials to an online delivery platform. His work in the equity space provides us with guidance on merger and acquisition opportunities in the education market segments. His background in legal and compliance regulatory matters contributes to the Board s expertise in these areas.

Thomas Kalinske. Thomas Kalinske has served as a director of the Company since February 2010. He is a member of the Audit Committee of the Board. Mr. Kalinske has been the Executive Chairman of Global Education Learning, a company focused on acquiring education companies in China that teach English creativity, critical thinking and math to children 2-7, since 2009. Mr. Kalinske also serves as Vice Chairman of the board of LeapFrog Enterprises, Inc. Mr. Kalinske s history with LeapFrog dates back to September 1997, where he served as their CEO until June 2006, and was then the Chairman of the board of directors until February 2004. Prior to that, he served as the CEO of Knowledge Universe, Sega of America, Matchbox, Inc. and Mattel, Inc. Mr. Kalinske served on the board of directors of Blackboard, Inc. until December 2011, a University and K-12 enterprise software applications company; the board of directors of Kidzui, a safe children s Internet search and education site; the board of directors of Genyous Omnitura, a cancer drug development company; is a member of the National Board of Advisors of the University Of Arizona School Of Business; and is an Emeritus member of the University Of Wisconsin School Of Business Advisors.

Mr. Kalinske has been a leader in a number of technology, toy and education ventures, and brings extensive experience in these areas to the Board. As noted, he has served as CEO of Mattel, a leading toy manufacturer and prominent public company, and has held both the CEO and Chairman roles at Leapfrog, a publicly traded company focused on designing, developing and marketing an array of technology-based learning platforms for infants and children. Among other things, Mr. Kalinske brings to the Board his extensive experience in the areas of technology, gaming and educational ventures; areas that align closely with the Company s continuing focus on technology-based learning. His background in relevant industries and his long career of leadership as a director and as an officer of various companies, including a current directorship with a public company other than the Company, allows Mr. Kalinske to provide the Board with pertinent strategic and business insight.

Joe Walsh. Joe Walsh, 49, has been the Chairman and CEO of Walsh Partners, a private company founded in 2012, focused on investments and advisory services, since its inception. He was previously employed by Yellowbook Inc. from 1987 to 2011 and served as President and CEO, and as a member of the board of directors, from 1993 to 2011. At Yellowbook, Mr. Walsh led the company through a series of acquisitions, partnerships and new market launches. Mr. Walsh possesses substantial executive, business and operational experience relating to private equity ventures and complex mergers and acquisitions situations. In 1982, Mr. Walsh co-founded IYP Publishing, a company he sold to DataNational in 1985. He served as Vice President of Sales at DataNational until joining Yellowbook in 1987.

Mr. Walsh brings to the Board, among other things, significant insight into the development and implementation of a disciplined and effective growth strategy, evidenced by the consistent improvement of financial returns for the companies he has served. His long career of leadership in significantly growing and expanding companies and his involvement in reshaping the directory industry allow him to provide invaluable guidance that aligns closely with the Company s continuing focus on growth and expansion of the Company s products and platforms.

Board of Directors Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* EACH OF THE THREE NOMINEES FOR CLASS I DIRECTOR LISTED ABOVE.

Information about the Directors and Executive Officers of the Company

The table below sets forth the names and ages of the current directors, including the nominees and the executive officers of the Company, as well as the position(s) and office(s) with the Company held by those individuals. Mssrs. Klausner and Johnson resigned as directors and officers as of March 19, 2013, Mr Almond resigned effective March 19, 2013, as Chief Executive Officer. A summary of the background and experience of each of those individuals is set forth after the table. No family relationship exists between any of the nominated directors or the executive officers of the Company.

Name	Age	Position(s)
DIRECTOR NOMINEES CLASS I DIRECTORS (WHOSE TERMS EXPIRE IN 2013):		
Harold O. Levy	60	Director, Chair of Compensation Committee
Thomas Kalinske	68	Director
Joe Walsh	49	Chairman of the Board
CONTINUING DIRECTORS CLASS II DIRECTORS (WHOSE TERMS EXPIRE IN 2014):		
Walther G. Bumphus	65	
David Bainbridge	41	Director
Neil Weiner	51	Director, Chair of Audit Committee
CONTINUING DIRECTORS CLASS III DIRECTORS (WHOSE TERMS EXPIRE IN 2015):		
John Campbell	52	Director and Chief Executive Officer
Jeffrey T. Stevenson	52	Director
Richard J. Surratt	52	Director
EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS:		
Barbara A. Benson(1)	42	Chief Financial Officer
Todd W. Buchardt	53	Senior Vice President Human Resources, General Counsel and Secretary
Paul Fonte(2)	44	Chief Technology Officer
Carolyn Getridge	68	Senior Vice President Urban Development
George A. Logue	62	Executive Vice President and President, Voyager/Sopris

(1) Elected as Chief Financial Officer as of March 19, 2013.

(2) Elected as Chief Technology Officer as of March 19, 2013.

Continuing Directors Class II

Walter G. Bumphus. Dr. Walter G. Bumphus has served as a director of the Company since May 2011. Dr. Bumphus has been the President and Chief Executive Officer of the American Association of Community Colleges (AACC) since January 2011. AACC is headquartered in the National Center for Higher Education in Washington, D.C. and is the primary advocacy organization for community colleges at the national level and works closely with the directors of state offices to inform and affect state policy. Prior to assuming the presidency of AACC, Dr. Bumphus served as a professor in the Community College Leadership Program and as chair of the Department of Educational Administration at the University of Texas at Austin. In an educational career that spans over 30 years, Dr. Bumphus has worked as an administrator at a regional university, at a state system of community and technical colleges, and at four different community colleges.

Dr. Bumphus professional career has been focused on the education community for over 30 years. His experience in community and technical colleges provides the Company with a better understanding of the needs of students focused on post-secondary educational opportunities. Dr. Bumphus also assists us in better understanding understand certain legislative and regulatory challenges in providing products and services to schools.

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David F. Bainbridge. David Bainbridge serves as a Class II director whose term will expire in 2014. Mr. Bainbridge has served as a director of the Company since April 2012. Mr. Bainbridge, a Managing Director at Veronis Suhler Stevenson, is responsible for sourcing, developing and monitoring private equity and mezzanine debt investments in the healthcare and education industries. Mr. Bainbridge is also a Director of Strata Decision Technology, Remedy Health Media, Infobase Learning, and Metschools and previously served on the board of Avatar International. Since joining VSS in 2003, he has also been active in the firm s investments in Solucient, Executive Health Resources, and Gallo Holdings. Before joining VSS, Mr. Bainbridge spent 10 years as an investment banking professional, most recently with Berkery Noyes & Co., specializing in various information segments. Mr. Bainbridge is a graduate of Cornell University and an honors graduate of the Stern School of Business at New York University.

Mr. Bainbridge s service in an array of positions within VSS, and his associated service on the boards of directors of multiple VSS portfolio companies, provides the Board with access to information regarding business practices and strategies across several industries. Mr. Bainbridge s vast expertise regarding mergers and acquisitions and financing allows him to provide invaluable guidance to the Board and executive management regarding these matters. This continues to be very important to the Company, because we have implemented through the Mergers, and may continue to implement, a growth strategy that involves the acquisition of complementary businesses.

Neil Weiner. Neil Weiner has served as a director of the Company since completion of the Mergers in December 2009. He is the Chairman of the Audit Committee and a member of the Compensation Committee of the Board. Mr. Weiner is the founder of Foxhill Opportunity Master Fund, L.P., Foxhill Opportunity Fund, L.P., and Foxhill Opportunity Offshore Fund, Ltd., and has served as the Senior Managing Member of Foxhill Capital Partners, LLC, the investment manager of the Foxhill funds, since January 2006. Mr. Weiner has over 25 years of investment experience, including the management of hedge fund portfolios for the past 17 years. From June 2000 through March 2005, Mr. Weiner was a Managing Member and co-portfolio manager of Triage Advisors LLC and Triage Management LLC, the investment advisors to Triage Capital Management LP and Triage Offshore Fund Ltd. Prior to joining Triage Capital Management, LLC, Mr. Weiner was a Managing Director and portfolio manager from April 1992 to May 2000 with LibertyView Capital Management, a multi-strategy arbitrage hedge fund group. Prior to his hedge fund experience, Mr. Weiner worked as a sell-side analyst at Salomon Brothers Inc.

Through his over 25 years of investment experience, Mr. Weiner has acquired extensive knowledge of, and experience in, the areas of finance and capital markets. Mr. Weiner has substantial hedge fund and investment experience, most recently as founder and manager of the Foxhill funds. Mr. Weiner s prior experiences demonstrate his leadership capability and business acumen. In addition, based on Mr. Weiner s extensive business and investment experience, the Board has determined that he qualifies as an audit committee financial expert.

Continuing Directors Class III

John Campbell. Mr. Campbell, 52, has served as a Senior Vice President of the Company and the President of the CLT business unit since December 2009. Mr. Campbell served as Chief Operating Officer of Voyager Expanded Learning from January 2004 to December 2009. Before joining Voyager Learning Company, 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).

In connection with his appointment as Chief Executive Officer, the Company entered into an offer letter agreement (the Campbell Agreement) with Mr. Campbell confirming the terms of his at-will employment with the Company. Pursuant to the Campbell Agreement, the Company agreed to provide Mr. Campbell with an initial annual base salary of $350,000. The Campbell Agreement also provides for an annual bonus opportunity with a target payment of $250,000 (approximately 70% of base salary), subject to the attainment of annually established performance goals to be set each year by the compensation committee of the Board. In the event Mr. Campbell s employment is terminated by the Company without cause, he is entitled to certain severance benefits. These benefits are: (x) salary continuation payments for a period of twelve months; and (y) continuation of health benefits at active employee rates for twelve months. As a precondition to his receipt of such benefits, Mr. Campbell is required to deliver a general release of claims to the Company. The foregoing description of the Campbell Agreement does not purport to be complete, and is qualified in its entirety by reference to the complete text of the Campbell Agreement which will be filed with our forthcoming periodic report on Form 10-Q.

Mr. Campbell also agreed to enter into the Company s standard confidentiality and non-disclosure agreement, which contains provisions customary for agreements of this type. These include confidentiality, non-disparagement, non-competition, and non-solicitation provisions.

Jeffrey T. Stevenson. Jeffrey T. Stevenson has served as a director of the Company since the completion of the Mergers in December 2009. Mr. Stevenson is the Managing Partner and Co-Chief Executive Officer of VSS, a private equity fund with $2.5 billion of capital under management. Mr. Stevenson joined VSS in 1982, shortly after its formation, and has been the head of its private equity business since its first investment in 1989. VSS manages private equity and mezzanine funds dedicated to companies engaged in the media, communications and information industries. Mr. Stevenson currently serves as a director of substantially all of the private portfolio companies in which VSS has invested and serves on the investment committee for each of VSS investment funds.

As Managing Partner of a private equity fund with over $2.5 billion of capital under management, Mr. Stevenson has acquired extensive business, operating and investing expertise and has a diversified background of managing several companies, primarily in the media, communications and information industries. Mr. Stevenson has many years of experience as a private equity investor and serves on the boards of directors of substantially all of VSS portfolio companies. Mr. Stevenson has extensive experience in private investments and finance, and possesses considerable knowledge with respect to strategic business matters across several industries. As a result of these experiences and the insights he has gained in investments, financial management and other areas, Mr. Stevenson makes a significant contribution to the Board s consideration of issues, including those relating to financial matters, operations and oversight of management.

Richard J. Surratt. Richard J. Surratt serves as a Class III director of Cambium Learning. Mr. Surratt is the former President and Chief Executive Officer of Voyager, a position he held since January 2007. Prior to that, Mr. Surratt was Senior Vice President and Chief Financial Officer of Voyager since November 2005. From 1999 to 2005, Mr. Surratt was Executive Vice President and Chief Financial Officer of Independence Air, where he was responsible for accounting, treasury, legal, financial planning and information systems activities. Prior to that, Mr. Surratt held various financial and management positions with Mobil Corporation between 1991 and 1999.

Mr. Surratt has extensive experience in both financial and management matters, having held both chief financial officer and chief executive officer roles during his career. Among such positions, Mr. Surratt has served in various senior management positions with Voyager since 2005. Thus, in addition to the key senior management, leadership and financial, strategic planning, corporate governance and public company reporting experience that he brings to the Board, Mr. Surratt also brings a long history and familiarity with Voyager and its subsidiaries prior to the Mergers.

Executive Officers

Ronald Klausner. Effective March 19, 2013, Mr. Klausner resigned as a director and Chief Executive Officer of the Company.
Ronald Klausner served as a director of the Company since the completion of the Mergers in December 2009. Mr. Klausner serves as Chief Executive Officer of the Company, a position he has held since completion of the Mergers in December 2009. Mr. Klausner previously served as President of Voyager Expanded Learning from October 2005 to December 2009. Prior to that, Mr. Klausner served as President of ProQuest Information and Learning (a subsidiary of Voyager until it was sold in 2007) from April 2003 to October 2005. Mr. Klausner came to Voyager from D&B (formerly known as Dun & Bradstreet), a global business information and technology solutions provider, where he worked for 27 years. He served as D&B s Senior Vice President, U.S. Sales, leading a segment with more than $900 million in revenue, and prior to that he led global data and operations, and customer service, providing business-to-business, credit, marketing and purchasing information in over 200 countries.

Mr. Klausner possesses substantial executive, business and operational experience relating to the Company and its affiliates and predecessor companies, having served in various senior management positions with Voyager and its affiliates since 2003. As the Company s CEO and a member of the Board, Mr. Klausner has demonstrated leadership skills, business expertise and a commitment to the Company s mission.

Bradley C. Almond. Effective March 19, 2013, Mr. Almond resigned as Chief Financial Officer for the Company. Bradley C. Almond was Senior Vice President and Chief Financial Officer of the Company until March 19, 2013, a position he held since completion of the Mergers in December 2009. Mr. Almond joined Voyager in November 2006 as Chief Financial Officer of the Voyager Expanded Learning operating unit, and from January 2009 until December 2009 served as Voyager s Vice President and Chief Financial Officer. From 2003 to 2009, 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. 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.

Barbara A. Benson. Effective March 19, 2013, became the Vice President and Chief Financial Officer for the Company. Prior to that date, Barbara A. Benson has served as the Company s Controller and Principal Accounting Officer since March 2010. From December 2009 to March 2010, Ms. Benson served as Controller of the Company. Ms. Benson joined Voyager in March 2007, as Controller of the Voyager Expanded Learning operating unit, and served as Controller and Principal Accounting Officer from February 2009 to December 2009. From 2004 until joining Voyager in March 2007, Ms. Benson held positions at Pegasus Solutions, Inc., a hotel technology provider of reservation, distribution, financial, and representation services, including Controller and Director of Financial Accounting and Reporting. Ms. Benson is a licensed Certified Public Accountant.

Todd W. Buchardt. Todd W. Buchardt serves as Senior Vice President, General Counsel and Secretary of the Company, a position he has held since completion of the Mergers in December 2009. Mr. Buchardt assumed the role of Sr. Vice President of Human Resources in February 2013. Mr. Buchardt joined Voyager in 1998 where he served as General Counsel and Secretary until March 2000, as Vice President until November 2002, and as Senior Vice President until December 2009. Before joining Voyager, Mr. Buchardt held various legal positions with First Data Corporation from 1986 to 1998. These positions include Counsel for Western Union Financial Services, General Counsel for First Image Management Company from June 1996 to April 1998.

John Campbell. John Campbell. See narrative description under the caption, Continuing Directors Class III above.

Carolyn Getridge. Carolyn Getridge has served as the Company s Senior Vice President of Urban Development since completion of the Mergers in December 2009. She joined Voyager 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.

Vernon Johnson. Effective March 19, 2013, Dr. Johnson resigned as a director and President of the Voyager/Sopris learning business unit. Dr. Vernon Johnson has served as a director of the Company since December 1, 2011. He has served as President of the Company s Voyager business unit since December 2011. Prior to returning to Voyager, from January 2005 to November 2011, Dr. Johnson was a partner of Best Associates, a Dallas-based Merchant Banking firm. In this role, he served as Chairman of EPIC Learning, a national for-profit online education company focused on grades 9-12. He was also Executive Vice President of Development and Strategy for the American College of Education, a proprietary fully online college held by Higher Ed Holdings, which is now the 6th largest graduate school of education in the country. Dr. Johnson was one of the founders of Voyager Expanded Learning and served as Executive Vice President, President and CEO of the company over a ten-year period. He was a public educator for 25 years, and served as superintendent of schools in Rochester, MN and Richardson, TX. He was nominated as one of America s Top 100 School

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Executives by the American Association of School Executives, was selected twice for the Annual Congress for Exemplary Superintendents and was chosen as Indiana University s first recipient of the Berkley Emerging Leadership Award.

Dr. Johnson has extensive experience in the areas of K-12 and higher education experience, and the development of on-line courseware technology align closely with the Company s continuing focus on technology-based learning. His background as a school superintendent and his long career of leadership as an officer of various educational based companies provides the Board with strategic and business insight.

George A. Logue. George A. Logue serves as Executive Vice President and the President of Voyager/Sopris business segment since March 2013. Prior to that, Mr. Logue served as the President of the Sopris business unit, the Supplemental Solutions business unit of the Company, a position he has held since completion of the Mergers in December 2009. Mr. Logue previously served as the Executive Vice President of Cambium Learning, Inc., or CLI, from June 2003 to December 2009, and also has 30 years of education industry experience. Before joining CLI, 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 of Houghton Mifflin from 1994 to 1996.

PROPOSAL TWO

RATIFICATION OF WHITLEY PENN LLP AS THE COMPANY S

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has appointed Whitley Penn LLP as the independent registered public accounting firm to perform the audit of the Company s consolidated financial statements for the fiscal year ending December 31, 2013. Whitley Penn LLP audited the Company s consolidated financial statements for each of the last three fiscal years.

The Board is asking the stockholders to ratify the appointment of Whitley Penn LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2013. Although not required by law, by NASDAQ rules or by the Company s bylaws, the Board is submitting the appointment of Whitley Penn LLP to the stockholders for ratification as a matter of good corporate practice. Even if the appointment is ratified, the Audit Committee, in its discretion, may appoint a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Representatives of Whitley Penn LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from the Company s stockholders.

Board of Directors Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF WHITLEY PENN LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2013.

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Audit and Non-Audit Services and Fees of Independent Registered Public Accounting Firm

	2012	2011
Audit fees(1)	$ 414,404	$ 387,917
Audit-related fees(2)	4,400	41,700
Tax fees		
All other fees(3)		
Total fees	$ 418,804	$ 429,617

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements and our controls over financial reporting and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

(2) Audit-related fees consisted of accounting consultations and attest services related to debt issuance and registration of securities.

(3) All other fees consist of fees and expenses incurred in connection with a registration statement that was not completed.

The Audit Committee is directly responsible for the appointment, compensation, and oversight of the Company s independent registered public accounting firm.

The Audit Committee understands the need for Whitley Penn LLP, the Company s independent registered public accounting firm, to maintain objectivity and independence in its audits of the Company s financial statements. To help ensure the independence of the independent registered public accounting firm, the Audit Committee has adopted a policy for the pre-approval of all audit and non-audit services to be performed for the Company by its independent registered public accounting firm. Pursuant to this policy, all audit and non-audit services to be performed by the independent registered public accounting firm must be approved in advance by the Audit Committee. The Audit Committee may delegate to one or more of its members the authority to grant the required approvals, provided that any exercise of such authority is presented to the full Audit Committee at its next regularly scheduled meeting.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth summary compensation information for the year ended December 31, 2012 for the Company s (i) Chief Executive Officer, (ii) Chief Financial Officer, (iii) and, each of the Company s three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer who were serving as executive officers of the Company as of December 31, 2012. These persons are sometimes referred to elsewhere in this Proxy Statement as our *Named Executive Officers*.

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SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(2)	Total ($)
Ronald Klausner(3)	2012	557,925					11,392	569,317
Chief Executive Officer	2011	557,925					11,055	568,980
	2010	557,925				150,381	11,056	719,362
Bradley C. Almond(4)	2012	255,993				29,000	8,249	293,243
Senior Vice President and	2011	250,000					5,710	255,710
Chief Financial Officer	2010	250,000	25,000			50,000	5,339	330,339
Vernon Johnson(5)	2012	400,000					7,793	407,793
President Voyager/Sopris Business	2011	26,154			338,399		267	364,820
John Campbell	2012	300,000				32,000	9,992	341,991
Senior Vice President and	2011	300,000				50,400	7,392	357,792
President, Cambium Learning Technologies	2010	299,953				128,700	6,816	435,469
Todd W. Buchardt	2012	320,850					9,505	330,355
Senior Vice President,	2011	320,850					6,905	327,755
General Counsel	2010	320,785			160,603	66,000	6,905	554,293

(1) The amounts reported in this column for each Named Executive Officer reflect aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 for awards granted in fiscal years 2010, 2011 and 2012. These are not amounts paid to or realized by the individuals, and no such amounts were paid to the individuals in 2010, 2011 and 2012. These values were calculated using Black-Scholes option-pricing model with the following assumptions: expected stock volatility of 35%; risk free rate(s) of 1.33% - 2.87%; expected years until exercise using the simplified method of 6.25 years; and a dividend yield of 0%. However, pursuant to SEC rules, the amounts above do not reflect any assumption that a portion of the awards will be forfeited. Additional information regarding outstanding stock options held by the Named Executive Officers is set forth in the Outstanding Equity Awards at Fiscal Year-End table.

(2) See the All Other Compensation Table (and footnotes thereto) for details.

(3) Mr. Klausner resigned effective March 19, 2013.

(4) Mr. Almond resigned effective March 19, 2013.

(5) Dr. Johnson became an employee of the Company effective December 1, 2011. He resigned effective March 19, 2013.

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The following table sets forth additional detail regarding the amounts reported under the All Other Compensation column of the Summary Compensation Table, above.

ALL OTHER COMPENSATION TABLE

Name	Year	Life Insurance Premiums($)	Company Contributions to 401(k)($)	Other Perq and Personal Benefits ($)	Total
Ronald Klausner	2012	6,155	5,237		11,392
	2011	6,155	4,900		11,055
	2010	6,156	4,900		11,056
Bradley C. Almond	2012	831	7,418		8,249
	2011	810	4,900		5,710
	2010	439	4,900		5,339
Vernon Johnson	2012	3,421	4,084	288	7,793
	2011	267			267
John Campbell	2012	2,492	7,500		9,992
	2011	2,492	4,900		7,392
	2010	1,916	4,900		6,816
Todd Buchardt	2012	2,005	7,500		9,505
	2011	2,005	4,900		6,905
	2010	2,005	4,900		6,905

Grants of Plan-Based Awards

The table below sets forth information regarding grants of plan-based awards to our Named Executive Officers under the Equity Compensation Plan and our annual performance bonus plan.

GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards						
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
Ronald Klausner	3/13/2012	$ 112,786	$ 375,952	$ 751,905				
Bradley C. Almond	3/13/2012	37,500	125,000	250,000				
Vernon Johnson	3/13/2012	60,000	200,000	300,000				
John Campbell	3/13/2012	54,000	180,000	360,000				
Todd W. Buchardt	3/13/2012	45,000	150,000	300,000				

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Equity Incentive Awards Outstanding at Fiscal Year End

The following table lists the outstanding stock option awards held by our Named Executive Officers as of December 31, 2012. No awards of restricted stock have been granted to any of our Named Executive Officers as of December 31, 2012.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards				
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**
Ronald Klausner	430,826	131,674		4.50	12/8/2019
	143,609	43,891		6.50	12/8/2019
Bradley C. Almond	140,625	46,875		4.50	12/8/2019
	46,875	15,625		6.50	12/8/2019
Vernon Johnson	135,524	364,476		4.50	12/01/2021
John Campbell	168,750	56,250		4.50	12/8/2019
	56,250	18,750		6.50	12/8/2019
Todd W. Buchardt	98,438	32,812		4.50	1/27/2020
	32,812	10,938		6.50	1/27/2020

Potential Payments Upon Termination or Change in Control

Potential Payments Upon Termination or Change in Control under Employment Agreements

Certain of the Named Executive Officers employment agreements provide for severance payments or other compensation upon the termination of the Named Executive Officer s employment or a change in control with respect to the Company or certain of its subsidiaries. See narrative description under the caption Employment Arrangements below for additional information.

Estimated Payments Upon Termination or Change in Control

The following table shows potential payments to the Company s Named Executive Officers under existing employment agreements, plans or arrangements in connection with a termination of employment or change in control with respect to the Company. The following table assumes a December 31, 2012 termination or change in control date, and uses the closing price of the Company s common stock on December 31, 2012 ($1.11). The disclosed amounts are estimates only and do not necessarily reflect the actual amounts that would be paid to the Named Executive Officers. The actual amounts would only be known at the time they become due and would only be payable upon the termination of employment or change in control.

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POTENTIAL PAYMENTS UPON TERMINATION AND/OR CHANGE OF CONTROL TABLE

Name	Benefit	Non-Change of Control Termination w/o Cause or for Good Reason ($)	Change of Control Termination w/o Cause or for Good Reason ($)
Ronald Klausner	Severance(1)	537,075	537,075
	Annual Incentive(2)		
	Benefit Continuation(3)	15,985	15,985
	Total	553,060	553,060
Bradley C. Almond	Severance(1)	225,993	225,993
	Annual Incentive(2)	29,000	29,000
	Benefit Continuation(3)	16,691	16,691
	Total	271,684	271,684
John Campbell	Severance(1)	300,000	300,000
	Annual Incentive(2)	1,156	

Total current assets	20,518		15,338	
Property and equipment, net	3,528		5,402	
Other assets, net	1,652		2,011	
Definite lived intangible assets, net	33,870		34,885	
Broadcast licenses	71,300		71,300	
Goodwill	21,859		21,859	
Total assets	$	152,727	$	150,795
Liabilities				
Current liabilities				
Trade accounts payable	$	80	$	56
Other accrued expenses and other current liabilities	2,282		6,839	
Current installments of long-term debt	3,411		3,562	
Total current liabilities	5,773		10,457	
Long-term debt	26,520		28,150	
Other liabilities	6,851		3,914	
Total liabilities	$	39,144	$	42,521

The December 31, 2014 balances included above were adjusted to reflect the purchase price adjustment discussed in Note 2.

The assets of the Company’s consolidated VIEs can only be used to settle the obligations of the VIEs and may not be sold, or otherwise disposed of, except for assets sold or replaced with others of like kind or value. At June 30, 2015, the Company has an option to acquire the assets or member's interest of the VIE entities that it may exercise if the FCC attribution rules change to permit the Company to acquire such interest. The option exercise price is of nominal value and significantly less than the carrying value of their tangible and intangible net assets. The options are carried at zero on the Company's consolidated balance sheet, as any value attributable to the options is eliminated in the consolidation of the VIEs. In an order adopted in March 2014, the FCC concluded that JSAs should be "attributable" for purposes of the media ownership rules if they permit a television licensee to sell more than 15% of the commercial inventory of a television station owned by a third party in the same market. Stations with JSAs that would put them in violation of the new rules have until December 19, 2016 to amend or terminate those arrangements, unless they are able to obtain a waiver of such rules. Accordingly, absent further developments, or the grant of waivers, the Company will be required to modify or terminate its existing JSAs no later than December 19, 2016.

In July 2015 the Company received a $9 million dividend from the Shield Stations and these funds became available to settle the obligations of the Company.

Note 5: Debt and Other Financial Instruments

Long-term debt at June 30, 2015, and December 31, 2014, was as follows:

(In thousands)	2015	2014
Media General Credit Agreement	$1,566,000	$1,701,000
2022 Notes	400,000	400,000
2021 Notes	290,000	290,000
Shield Media Credit Agreement	28,400	29,600
Other borrowings	1,524	2,111
Total debt	2,285,924	2,422,711
Less: net unamortized discount	(9,825)	(10,768)
Less: scheduled current maturities	(3,404)	(11,781)
Long-term debt excluding current maturities	$2,272,695	$2,400,162

Media General Credit Agreement

In July 2013, the Company entered into a credit agreement with a syndicate of lenders to provide the Company with a term loan and access to a revolving credit facility. The funds borrowed under the credit agreement and subsequent amendments (together the "Credit Agreement") have been used by the Company to facilitate acquisitions and mergers. The term loan under the Credit Agreement matures in July 2020 and bears interest at LIBOR (with a floor of 1%) plus a margin of 3%.

The Company repaid $100 million and $135 million of principal on the term loan during the three and six months ended June 30, 2015, respectively. The early repayments of debt resulted in debt extinguishment costs of $1.8 million and $2.4 million during the three and six months ended June 30, 2015, respectively, due to the accelerated recognition of deferred debt-related items. As of June 30, 2015, there was $1.566 billion outstanding under the Credit Agreement.

The revolving credit facility under the Credit Agreement also includes revolving credit commitments of $150 million. The revolving credit facility matures in October 2019, bears an interest rate of LIBOR plus a margin of 2.75% and is subject to a 0.5% commitment fee per annum with respect to the undrawn portion of the facility. The Company has $147 million of availability under the revolving credit facility (giving effect to $3 million of letters of credit which have been issued but are undrawn).

Shield Media Credit Agreement

Shield Media LLC (and its subsidiary WXXA) and Shield Media Lansing LLC (and its subsidiary WLAJ) (collectively, “Shield Media”), companies that control subsidiaries with which the Company has joint sales and shared services arrangements for 2 stations as described in Note 4, entered into a new credit agreement with a syndicate of lenders, dated July 31, 2013. The term loans outstanding under this agreement mature in July 2018 and bear interest at LIBOR plus a margin of 3.25%. The Shield Media term loans are guaranteed by the Company and are secured by liens on substantially all of the assets of the Company, on a pari passu basis with the Credit Agreement. The Company repaid $0.6 million and $1.2 million of principal on the term loan during the three and six months ended June 30, 2015, respectively.

2022 Notes

On November 5, 2014, a wholly owned subsidiary of Old Media General completed the issuance of $400 million in aggregate principal amount of 5.875% Senior Unsecured Notes due in 2022 (the "2022 Notes") in connection with the financing of the LIN Merger. The net proceeds from offering of the 2022 Notes were used to repay certain indebtedness of LIN Media in connection with the LIN Merger, including the satisfaction and discharge of LIN Television's $200 million aggregate principal amount of 8.375% Senior Notes due 2018 and the payment of related fees and expenses. The 2022 Notes were issued under an indenture, dated as of November 5, 2014 (the "2022 Notes Indenture"). New Media General, as the new direct parent of LIN Television, and certain of the wholly owned subsidiaries of LIN Television provide full and unconditional guarantees to the 2022 Notes, on a senior basis.

2021 Notes

LIN Television’s previously issued 6.375% Senior Notes due 2021 with an aggregate principal amount outstanding of $290 million remained outstanding as of the Closing Date (the “2021 Notes”). Following the consummation of the LIN Merger, New Media General, as the new direct parent of LIN Television, and certain of the wholly owned subsidiaries of LIN Television provide full and unconditional guarantees of the 2021 Notes, on a senior basis.

Fair Value

The following table includes information about the carrying values and estimated fair values of the Company’s financial instruments at June 30, 2015, and December 31, 2014:

	June 30, 2015		December 31, 2014	
(In thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Investments				
Trading securities	$449	$449	$449	$449
Liabilities:				
Long-term debt:				
Media General Credit Agreement	1,556,670	1,555,388	1,690,753	1,686,000
2022 Notes	398,163	395,357	398,038	397,000
2021 Notes	291,342	300,875	291,442	289,000
Shield Media Credit Agreement	28,400	28,400	29,600	29,600
Other borrowings	1,524	1,524	2,111	2,111

Trading securities held by the Supplemental 401(k) Plan are carried at fair value and are determined by reference to quoted market prices.

The fair value of the 2021 Notes was determined by reference to the most recent trading prices. The fair value of all other debt instruments were determined using discounted cash flow analysis' and an estimate of the current borrowing rate.

Under the fair value hierarchy, the Company’s trading securities fall under Level 1 (quoted prices in active markets), the 2021 Notes fall under Level 2 (other observable inputs) and the Media General Credit Agreement, 2022 Notes, Shield Media Credit Agreement and the Other Borrowings fall under Level 3 (unobservable inputs).

Note 6: Taxes on Income

The effective tax rate was 43.3% in the second quarter of 2015 as compared to 44.5% in the second quarter of 2014 and 69.6% in the first six months of 2015 as compared 42.7% in the equivalent prior-year period. The high tax rate in both periods was due primarily to the relative dollar amount of merger-related expenses (a significant portion of which will not be deductible) and other permanent book-tax differences, as compared to much lower levels of pre-tax income. The tax expense in both years was predominantly non-cash due to the Company’s interim net loss for tax purposes and significant net operating loss carryover. Current tax expense was approximately $1.3 million and $0.2 million in the second quarter of 2015 and 2014 respectively and was approximately $1.5 million and $0.3 million in the first six months of 2015, and 2014, respectively; it was attributable to state income taxes.

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Note 7: Earnings Per Share

The following table sets forth the computation of basic and diluted income per share for the three and six months ended June 30, 2015, and 2014:

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
(In thousands, except per share amounts)	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income attributable to Media General	$1,635			$6,786		
Undistributed earnings attributable to participating securities	(4)			(43)		
Basic EPS						
Income attributable to common stockholders	$1,631	129,201	$0.01	$6,743	88,473	$0.08
Effect of dilutive securities:						
Stock options and warrants		1,435			519	
Diluted EPS						
Income attributable to common stockholders	$1,631	130,636	$0.01	$6,743	88,992	$0.08

	Six Months Ended June 30, 2015			Six Months Ended June 30, 2014		
(In thousands, except per share amounts)	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss) attributable to Media General	$(5,798)			$12,171		
Undistributed earnings attributable to participating securities	—			(84)		
Basic EPS						
Income (loss) attributable to common stockholders	$(5,798)	129,275	$(0.04)	$12,087	88,399	$0.14
Effect of dilutive securities:						
		—			512	

Stock options and warrants						
Diluted EPS						
Income (loss) attributable to common stockholders	$(5,798)	129,275	$(0.04)	$12,087	88,911	$0.14

We have excluded 1.5 million of common shares issuable for share options and restricted shares from the calculation of diluted earnings per share for the six months ended June 30, 2015 because the net loss causes these shares to be anti-dilutive.

Note 8: Retirement and Postretirement Plans

The Company has a funded, qualified non-contributory defined benefit retirement plan which covers substantially all Legacy Media General employees hired before 2007 and IBEW Local 45 employees of KRON-TV with benefits which vested prior to 2006, as well as a non-contributory unfunded supplemental executive retirement and ERISA excess plans which supplement the coverage available to certain executives. These retirement plans are frozen.

In conjunction with the LIN Merger, the Company assumed liability for an additional defined benefit retirement plan as well as a supplemental retirement plan. Both plans are frozen. The Company is required to make contributions to the supplemental retirement plan for the then eligible employees and certain other employees based on 5% of each participant's eligible compensation.

The Company also has a retiree medical savings account plan which reimburses eligible employees who retire for certain medical expenses. In addition, the Company has an unfunded plan that provides certain health and life insurance benefits to retired employees who were hired prior to 1992.

The following tables provide the components of net periodic benefit cost (income) for the Company's benefit plans for the second quarters and first six months of 2015 and 2014:

	Three Months Ended			
	Pension Benefits		Other Benefits	
(In thousands)	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Service cost	$—	$43	$40	$18
Interest cost	4,056	5,554	390	277
Expected return on plan assets	(5,472)	(6,762)	—	—
Amortization of net loss	142	—	—	—
Net periodic benefit (income) cost	$(1,274)	$(1,165)	$430	$295

	Six Months Ended			
	Pension Benefits		Other Benefits	
(In thousands)	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Service cost	$—	$85	$50	$40
Interest cost	11,456	11,060	500	538
Expected return on plan assets	(15,453)	(13,433)	—	—
Amortization of net loss	400	—	—	—
Net periodic benefit (income) cost	$(3,597)	$(2,288)	$550	$578

Note 9: Stockholders’ Equity

The following table shows the components of the Company’s stockholders’ equity as of and for the six months ended June 30, 2015:

(In thousands)	Common Stock Voting	Common Stock Non-Voting	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2014	$1,322,284	$—	$(36,445)	$214,582	$1,500,421
Net income attributable to Media General	—	—	—	(5,798)	(5,798)
Exercise of stock options	1,211	—	—	—	1,211
Stock-based compensation	6,860	—	—	—	6,860
Revaluation of redeemable noncontrolling interest	—	—	—	(1,431)	(1,431)
Repurchases of Voting Common Stock	(18,747)	—	—	—	(18,747)
Other	(467)	—	—	—	(467)
Balance at June 30, 2015	$1,311,141	$—	$(36,445)	$207,353	$1,482,049

The following table shows the components of the Company’s stockholders’ equity as of and for the six months ended June 30, 2014:

(In thousands)	Common Stock Voting	Common Stock Non-Voting	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2013	$557,754	$12,483	$5,668	$161,076	$736,981
Net income attributable to Media General	—	—	—	12,171	12,171
Conversion of non-voting to voting common stock	2,102	(2,102)	—	—	—
Exercise of stock options	472	—	—	—	472
Stock-based compensation	1,889	—	—	—	1,889
Director deferred stock units	7,361	—	—	—	7,361
Other	(84)	—	—	—	(84)
Balance at June 30, 2014	$569,494	$10,381	$5,668	$173,247	$758,790

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Note 10: Other

During the second quarter of 2015 the Company repurchased 1.1 million shares of its outstanding voting common stock at an average price of $16.44 for $19 million under the share repurchase program approved by the Board of Directors of the Company. The share repurchase program expires on December 31, 2015.

The Company received $120 million of restricted cash in a qualified intermediary (a consolidated entity) from the 2014 sale of the WJAR-TV station discussed in Note 2. In June of 2015, the restricted cash was released from the qualified intermediary and remitted to the Company.

In April 2015, the Company acquired the remaining noncontrolling interest in the Dedicated Media subsidiary for a purchase price of $11 million. As a result of the transaction, Dedicated Media was 100% owned by the Company during the second quarter of 2015.

The Company also recorded $2.5 million and $5.6 million of non-operating gains in the three and six month periods ended June 30, 2015, respectively, related to the relocation of broadcast channels in the Lansing, Michigan and Austin, Texas markets.

Note 11: Guarantor Financial Information

LIN Television, a 100% owned subsidiary of New Media General, is the primary obligor of the 2021 Notes and 2022 Notes. New Media General fully and unconditionally guarantees all of LIN Television's obligations under the 2021 Notes and the 2022 Notes on a joint and several basis. Additionally, all of the consolidated 100% owned subsidiaries of LIN Television fully and unconditionally guarantee LIN Television's obligations under the 2021 Notes and 2022 Notes on a joint and several basis. There are certain limitations in the ability of the subsidiaries to pay dividends to New Media General. The following financial information presents condensed consolidating balance sheets, statements of operations, and statements of cash flows for New Media General, LIN Television (as the issuer), the Guarantor Subsidiaries, and the Non-Guarantor Subsidiaries, together with certain eliminations.

Media General, Inc.
Condensed Consolidating Balance Sheet
June 30, 2015
(in thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$—	$13,962	$46,599	$ 11,517	$—	$72,078
Trade accounts receivable, net	—	55,161	175,769	15,365	—	246,295
Current deferred tax asset	—	—	51,692	40	—	51,732
Prepaid expenses and other current assets	—	7,929	21,576	7,234	—	36,739
Total current assets	—	77,052	295,636	34,156	—	406,844
Property and equipment, net	—	175,014	304,609	3,958	—	483,581
Other assets, net	—	13,946	55,230	2,114	—	71,290
Definite lived intangible assets, net	—	384,620	483,859	44,008	—	912,487
Broadcast licenses	—	—	1,025,800	71,300	—	1,097,100
Goodwill	—	527,077	977,570	92,839	—	1,597,486
Advances to consolidated subsidiaries	—	(157,217)	166,231	(9,014)	—	—
Investment in consolidated subsidiaries	1,482,049	1,313,747	—	—	(2,795,796)	—
Total assets	$1,482,049	$2,334,239	$3,308,935	$ 239,361	$(2,795,796)	$4,568,788
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)						
Current liabilities:						
Trade accounts payable	$—	$3,642	$28,225	$ 1,426	$—	$33,293
Accrued salaries and wages	—	5,604	18,606	612	—	24,822
Other accrued expenses and other current liabilities	—	27,296	77,372	4,272	—	108,940
Current installments of long-term debt	—	—	—	3,404	—	3,404
Current installments of obligation under capital leases	—	520	290	46	—	856
Total current liabilities	—	37,062	124,493	9,760	—	171,315
Long-term debt	—	689,505	1,556,670	26,520	—	2,272,695
Deferred tax liability and other long-term tax liabilities	—	73,090	286,877	(738)	—	359,229
Long-term capital lease obligations	—	13,242	1,182	12	—	14,436
Retirement and postretirement plans	—	34,785	168,209	—	—	202,994
Other liabilities	—	4,506	28,407	2,092	—	35,005
Total liabilities	—	852,190	2,165,838	37,646	—	3,055,674

Noncontrolling interests	—	—	—	31,065	—	31,065
Total stockholders (deficit) equity	1,482,049	1,482,049	1,143,097	170,650	(2,795,796)	1,482,049
Total liabilities, noncontrolling interest and stockholders' equity (deficit)	$1,482,049	$2,334,239	$3,308,935	$ 239,361	$(2,795,796)	$4,568,788

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Media General, Inc.
Condensed Consolidating Balance Sheet
December 31, 2014
(in thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$2,388	$9,658	$27,371	$ 4,503	$—	$43,920
Trade accounts receivable, net	—	82,909	168,862	13,398	—	265,169
Restricted cash at qualified intermediary			119,903			119,903
Current deferred tax asset	—	3,492	52,222	40	—	55,754
Prepaid expenses and other current assets	—	18,724	11,396	8,978	—	39,098
Total current assets	2,388	114,783	379,754	26,919	—	523,844
Property and equipment, net	—	179,057	314,534	5,881	—	499,472
Other assets, net	—	8,565	67,961	2,473	—	78,999
Definite lived intangible assets, net	—	403,866	506,619	45,815	—	956,300
Broadcast licenses	—	—	1,025,800	71,300	—	1,097,100
Goodwill	—	527,077	977,570	92,839	—	1,597,486
Advances to consolidated subsidiaries	2,021	(456,741)	456,359	(1,639)		—
Investment in consolidated subsidiaries	1,496,012	1,319,033	—	—	(2,815,045)	—
Total assets	$1,500,421	$2,095,640	$3,728,597	$ 243,588	$(2,815,045)	$4,753,201
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)						
Current liabilities:						
Trade accounts payable	$—	$4,014	$31,794	$ 551	$—	$36,359
Accrued salaries and wages	—	9,384	26,536	714	—	36,634
Other accrued expenses and other current liabilities	—	43,901	53,042	7,149	—	104,092
Current installments of long-term debt	—	—	8,218	3,563	—	11,781
Current installments of obligation under capital leases	—	441	303	71	—	815
Total current liabilities	—	57,740	119,893	12,048	—	189,681
Long-term debt	—	291,442	2,080,570	28,150	—	2,400,162
Deferred tax liability and other long-term tax liabilities	—	193,293	168,171	2,825	—	364,289
Long-term capital lease obligations	—	13,529	1,312	28	—	14,869
Retirement and postretirement plans	—	33,031	178,233	—	—	211,264
Other liabilities	—	10,593	22,037	5,404	—	38,034

Total liabilities	—	599,628	2,570,216	48,455	—	3,218,299
Noncontrolling interests	—	—	10,981	23,500	—	34,481
Total stockholders (deficit) equity	1,500,421	1,496,012	1,147,400	171,633	(2,815,045)	1,500,421
Total liabilities, noncontrolling interest and stockholders' equity (deficit)	$1,500,421	$2,095,640	$3,728,597	$ 243,588	$(2,815,045)	$4,753,201

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Media General, Inc.
Condensed Consolidated Statement of Comprehensive Income
For the Three Months Ended June 30, 2015
(in thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net operating revenue	$—	$94,258	$216,770	$ 16,941	$(7,446)	$320,523
Operating costs:						
Operating expenses, excluding depreciation expense	—	40,294	88,410	9,856	(4,391)	134,169
Selling, general and administrative expenses	—	22,193	53,009	4,152	(303)	79,051
Amortization of program licenses rights	—	4,363	7,250	434	—	12,047
Corporate and other expenses	—	2,661	9,703	2	—	12,366
Depreciation and amortization	—	15,522	24,562	2,534	—	42,618
(Gain) loss related to property and equipment, net	—	165	(361)	—	—	(196)
Merger-related expenses and restructuring expenses	—	950	2,666	—	—	3,616
Operating income (loss)	$—	$8,110	$31,531	$ (37)	$(2,752)	$36,852
Other income (expense):						
Interest expense, net	(1)	9,555	19,325	409	—	29,288
Debt modification and extinguishment costs	—	—	1,827	—	—	1,827
Intercompany income and (expenses)	—	763	(949)	186	—	—
Other, net	—	(4)	(118)	(2,500)	—	(2,622)
Total other income (expense)	(1)	10,314	20,085	(1,905)	—	28,493
Income from operations of consolidated subsidiaries	1	(2,204)	11,446	1,868	(2,752)	8,359
Income tax (benefit) expense	—	(1,325)	5,599	(658)	—	3,616
Net income (loss) from continuing operations	1	(879)	5,847	2,526	(2,752)	4,743
Equity in income (loss) from operations of consolidated subsidiaries	1,634	2,511	—	—	(4,145)	—
Net income (loss) from continuing operations	1,635	1,632	5,847	2,526	(6,897)	4,743
Net income (loss) attributable to noncontrolling interest	—	—	—	3,108	—	3,108
Net income (loss) attributable to Media General	1,635	1,632	5,847	(582)	(6,897)	1,635

Other comprehensive income	—	—	—	—	—	—
Total comprehensive income (loss)	1,635	1,632	5,847	2,526	(6,897)	4,743
Other comprehensive loss attributable to noncontrolling interest	—	—	—	—	—	—
Total comprehensive income (loss) attributable to Media General	1,635	1,632	5,847	(582)	(6,897)	1,635

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Media General, Inc.
Condensed Consolidated Statement of Comprehensive Income
For the Six Months Ended June 30, 2015
(in thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net operating revenue	$—	$182,476	$416,500	$ 30,683	$(12,402)	$617,257
Operating costs:						
Operating expenses, excluding depreciation expense	—	77,893	172,169	17,398	(7,415)	260,045
Selling, general and administrative expenses	—	45,717	106,227	8,289	(712)	159,521
Amortization of program licenses rights	—	8,541	14,351	913	—	23,805
Corporate and other expenses	—	5,862	19,161	(6)	—	25,017
Depreciation and amortization	—	29,658	49,234	4,009	—	82,901
(Gain) loss related to property and equipment, net	—	129	(553)	—	—	(424)
Merger-related expenses and restructuring expenses	—	2,324	6,569	—	—	8,893
Operating income (loss)	$—	$12,352	$49,342	$ 80	$(4,275)	$57,499
Other income (expense):						
Interest expense, net	—	20,205	39,412	694	—	60,311
Debt modification and extinguishment costs	—	—	2,440	—	—	2,440
Intercompany income and (expenses)	—	6,298	(6,716)	418	—	—
Other, net	—	(86)	(826)	(5,000)	—	(5,912)
Total other income (expense)	—	26,417	34,310	(3,888)	—	56,839
Income from operations of consolidated subsidiaries	—	(14,065)	15,032	3,968	(4,275)	660
Income tax (benefit) expense	—	(6,188)	7,873	(1,226)	—	459
Net income (loss) from continuing operations	—	(7,877)	7,159	5,194	(4,275)	201
Equity in income (loss) from operations of consolidated subsidiaries	(5,798)	2,077	—	—	3,721	—
Net income (loss) from continuing operations	(5,798)	(5,800)	7,159	5,194	(554)	201
Net income (loss) attributable to noncontrolling interest	—	—	(178)	6,177	—	5,999
Net income (loss) attributable to Media General	(5,798)	(5,800)	7,337	(983)	(554)	(5,798)

Other comprehensive income	—	—	—	—	—	—
Total comprehensive income (loss)	(5,798)	(5,800)	7,159	5,194	(554)	201
Other comprehensive loss attributable to noncontrolling interest	—	—	—	—	—	—
Total comprehensive income (loss) attributable to Media General	(5,798)	(5,800)	7,337	(983)	(554)	(5,798)

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Media General, Inc.
Condensed Consolidating Statement of Comprehensive Income
For the Three Months Ended June 30, 2014
(In thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
Net operating revenue	$—	$—	$149,442	$ 4,669	$—	$ 154,111
Operating costs:						
Operating expenses, excluding depreciation expense	—	—	49,165	1,653	—	50,818
Selling, general and administrative expenses	—	—	39,758	2,172	—	41,930
Amortization of program license rights	—	—	4,701	246	—	4,947
Corporate and other expenses	—	—	7,558	75	—	7,633
Depreciation and amortization	—	—	16,246	194	—	16,440
Gain related to property and equipment, net	—	—	992	—	—	992
Merger-related expenses and restructuring expenses	—	—	9,314	—	—	9,314
Operating income	$—	$—	$21,708	$ 329	$—	$ 22,037
Other income (expense)						
Interest expense	—	—	(9,308)	(308)	—	(9,616)
Debt modification and extinguishment costs	—	—	(85)	—	—	(85)
Other, net	—	—	75	10	—	85
Total other income (expense)	—	—	(9,318)	(298)	—	(9,616)
Income before income taxes from operations of consolidated subsidiaries	—	—	12,390	31	—	12,421
Income tax expense	—	—	(5,529)	—	—	(5,529)
Net income (loss) from continuing operations	—	—	6,861	31	—	6,892
Equity in income (loss) from operations of consolidated subsidiaries	—	—	—	—	—	—
Net Income (loss)	—	—	6,861	31	—	6,892
Net income attributable to noncontrolling interests	—	—	—	106	—	106
Net income (loss) attributable to Media General	—	—	6,861	(75)	—	6,786
Other comprehensive income	—	—	—	—	—	—
	—	—	6,861	31	—	6,892

Total comprehensive income (loss)						
Other comprehensive income attributable to noncontrolling interest	—	—	—	106	—	106
Total comprehensive income (loss) attributable to Media General	—	—	6,861	(75)	—	6,786

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Media General, Inc.
Condensed Consolidating Statement of Comprehensive Income
For the Six Months Ended June 30, 2014
(In thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
Net operating revenue	$—	$—	$289,078	$ 8,951	$—	$ 298,029
Operating costs:						
Operating expenses, excluding depreciation expense	—	—	98,314	3,119	—	101,433
Selling, general and administrative expenses	—	—	80,122	4,140	—	84,262
Amortization of program license rights	—	—	9,357	553	—	9,910
Corporate and other expenses	—	—	14,269	(58)	—	14,211
Depreciation and amortization	—	—	32,252	383	—	32,635
Gain related to property and equipment, net	—	—	221	—	—	221
Merger-related expenses and restructuring expenses	—	—	14,066	—	—	14,066
Operating income	$—	$—	$40,477	$ 814	$—	$ 41,291
Other income (expense)						
Interest expense	—	—	(18,989)	(617)	—	(19,606)
Debt modification and extinguishment costs	—	—	(183)	—	—	(183)
Other, net	—	—	(20)	20	—	—
Total other income (expense)	—	—	(19,192)	(597)	—	(19,789)
Income before income taxes from operations of consolidated subsidiaries	—	—	21,285	217	—	21,502
Income tax expense	—	—	(9,171)	—	—	(9,171)
Net income (loss) from continuing operations	—	—	12,114	217	—	12,331
Equity in income (loss) from operations of consolidated subsidiaries	—	—	—	—	—	—
Net Income (loss)	—	—	12,114	217	—	12,331
Net income attributable to noncontrolling interests	—	—	—	160	—	160
Net income (loss) attributable to Media General	—	—	12,114	57	—	12,171
Other comprehensive income	—	—	—	—	—	—
	—	—	12,114	217	—	12,331

Total comprehensive income (loss)						
Other comprehensive income attributable to noncontrolling interest	—	—	—	160	—	160
Total comprehensive income (loss) attributable to Media General	—	—	12,114	57	—	12,171

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Media General, Inc.
Condensed Consolidating Statement of Cash Flows
Year to date through June 30, 2015
(In thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
Cash flows from operating activities:						
Net cash provided (used) by operating activities	$(1,402)	$6,528	$83,285	$ 7,977	$—	$96,388
Cash flows from investing activities:						
Capital expenditures	—	(8,610)	(13,876)	(1,564)	—	(24,050)
Release of restricted cash at qualified intermediary	—	—	119,903	—	—	119,903
Proceeds from the sale of PP&E	—	50	641	—	—	691
Proceeds from spectrum sale	—	—	620	2,500	—	3,120
Receipt of dividend	—	39,005	—	—	(39,005)	—
Payments from intercompany borrowings	2,025	—	24,230	—	(26,255)	—
Payment of capital contributions	(3,011)	—	—	—	3,011	—
Other, net	—	—	—	(69)	—	(69)
Net cash provided (used) by investing activities	(986)	30,445	131,518	867	(62,249)	99,595
Cash flows from financing activities:						
Repayment of borrowings under Media General Credit Agreement	—	—	(135,000)	—	—	(135,000)
Repayment of borrowings under Shield Media Credit Agreement	—	—	—	(1,200)	—	(1,200)
Repayment of other borrowings	—	—	—	(580)	—	(580)
Payment for share repurchases	—	—	(18,747)	—	—	(18,747)
Payment of dividend	—	—	(39,005)	—	39,005	—
Payments on intercompany borrowing	—	(26,255)	—	—	26,255	—
Payment for the acquisition of noncontrolling interest	—	(9,218)	—	—	—	(9,218)
Receipt of capital contributions	—	3,011	—	—	(3,011)	—
Cash paid for debt modification	—	—	(3,425)	—	—	(3,425)
Other, net	—	(207)	602	(50)	—	345
Net cash provided (used) by financing activities	—	(32,669)	(195,575)	(1,830)	62,249	(167,825)
	(2,388)	4,304	19,228	7,014	—	28,158

Net increase (decrease) in cash and cash equivalents						
Cash and cash equivalents at beginning of period	2,388	9,658	27,371	4,503	—	43,920
Cash and cash equivalents at end of period	$—	$13,962	$46,599	$ 11,517	$—	$ 72,078

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Media General, Inc.
Condensed Consolidating Statement of Cash Flows
Year to date through June 30, 2014
(In thousands)

	New Media General	LIN Television Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Media General Consolidated
Cash flows from operating activities:						
Net cash provided (used) by operating activities	$—	$—	$3,415	$ (596)	$—	$ 2,819
Cash flows from investing activities:						
Capital expenditures	—	—	(8,368)	(4)	—	(8,372)
Payment/deposit for acquisition of station assets	—	—	(8,340)	—	—	(8,340)
Collateral refunds related to letters of credit	—	—	980	—	—	980
Deferred proceeds related to sale of property	—	—	24,535	—	—	24,535
Proceeds from sale the of PP&E	—	—	1,072	—	—	1,072
Net cash provided (used) by investing activities	—	—	9,879	(4)	—	9,875
Cash flows from financing activities:						
Principal borrowings under revolving credit facility	—	—	10,000	—	—	10,000
Repayment of borrowings under revolving credit facility	—	—	(10,000)	—	—	(10,000)
Repayment of borrowings under Media General Credit Agreement	—	—	(64,000)	—	—	(64,000)
Repayment of borrowings under Shield Media Credit Agreement	—	—	—	(1,200)	—	(1,200)
Other, net	—	—	(946)	—	—	(946)
Net cash used by financing activities	—	—	(64,946)	(1,200)	—	(66,146)
Net decrease in cash and cash equivalents	—	—	(51,652)	(1,800)	—	(53,452)
Cash and cash equivalents at beginning of period	—	—	67,508	4,110	—	71,618
Cash and cash equivalents at end of period	$—	$—	$ 15,856	$ 2,310	$—	$ 18,166

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Media General is one of the U.S.'s largest connected-screen multimedia companies, providing top-rated news, information and entertainment in attractive markets. Media General first entered the local television business in 1955 when it launched WFLA in Tampa, Florida as an NBC affiliate.

On December 19, 2014, Media General, Inc., now known as MGOC, Inc. ("Old Media General") and LIN Media LLC, a Delaware limited liability company ("LIN Media") were combined in a business combination transaction (the "LIN Merger"). As a result of this merger, Media General, Inc., formerly known as Mercury New Holdco, Inc. ("New Media General," "Media General" or the "Company") became the parent public reporting company of the combined company; LIN Television Corporation ("LIN Television") became a direct, wholly owned subsidiary of New Media General; and Old Media General became a direct, wholly owned subsidiary of LIN Television and an indirect, wholly owned subsidiary of New Media General. References to Media General or the Company that include any period at and before effectiveness of the LIN Merger shall be deemed to refer to Old Media General as the predecessor registrant to New Media General. On September 2, 2014, the Company acquired a television station located in Harrisburg, Pennsylvania.

Concurrently with the closing of the LIN Merger, the Company acquired television stations in Colorado Springs, Colorado and Tampa, Florida, and sold television stations in Providence, Rhode Island; Green Bay-Appleton, Wisconsin; Savannah, Georgia; Birmingham, Alabama; and Mobile, Alabama (collectively, the "LIN Related Transactions").

After the LIN Merger and the LIN Related Transactions, Media General, Inc. now owns or operates 71 network-affiliated broadcast television stations (twenty-two with CBS, fourteen with NBC, twelve with ABC, eight with FOX, eight with CW and seven with MyNetworkTV) and their associated digital media and mobile platforms, in 48 markets. These stations reach approximately 23% of U.S. TV households, and the Company reaches approximately two-thirds of the US Internet audience. Fifty-one of the 71 stations are located in the top 100 designated market areas as grouped by Nielsen ("DMAs"), while 27 of the 71 stations are located in the top 50 markets.

The Company also has one of the largest and most diverse digital media businesses in the U.S. television broadcasting industry, with a portfolio that includes LIN Digital, LIN Mobile, Federated Media, HYFN, Dedicated Media and BiteSizeTV.

RESULTS OF OPERATIONS

The Company recorded net income attributable to Media General of $1.6 million in the second quarter of 2015 ($0.01 per diluted share) and a net loss attributable to Media General of $5.8 million during the first six months of 2015 (($0.04) per diluted share), compared to net income attributable to Old Media General of $6.8 million and $12.2 million ($0.08 and $0.14 per diluted share) in the equivalent periods of 2014. Net income attributable to Media General for the second quarter of 2015 included $3.6 million of merger-related and restructuring expenses related to the LIN Merger, a significant portion of which are not deductible for tax purposes. The Company's results during the first six months of 2015 included non-operating gains of $5.6 million (in Other, net) on the relocation of broadcast channels in Lansing, Michigan and Austin, Texas and a $2.5 million reduction in Operating expenses for settlement proceeds related to overcharges by a music licensing agency.

Net income for the second quarter and first six months of 2015 was $4.7 million and $0.2 million, respectively, and included income attributable to noncontrolling interests of $3.1 million and $6.0 million, respectively. The income attributable to noncontrolling interests represents the aggregate income of certain stations operated by the Company through JSA/SSA arrangements as well as the investment in HYFN Inc., a digital media operation. The remaining noncontrolling interest in Dedicated Media (also acquired in the LIN Merger) was acquired by the Company on April 1, 2015.

The Company generated $96 million and $177 million of operating income from its Broadcast segment in the second quarter and first six month periods of 2015, respectively. Its Digital segment incurred operating losses of $0.9 million and $3.1 million during the same periods.

As described earlier, the Company completed the LIN Merger during the fourth quarter of 2014. As a result, the financial statements reflect only Old Media General's results of operations during the 2014 quarter and year-to-date periods while the results of operations for the 2015 periods are reflective of the combined company.

REVENUES

Revenues were $321 million and $617 million in the second quarter and first six months of 2015, respectively, compared to $154 million and $298 million in the same prior-year periods. The increase in 2015 revenues is due overwhelmingly to the net acquisition activity discussed in the paragraph above. To allow investors to compare the revenue generated by the combined company's 71 stations and digital companies during the three and six months ended June 30, 2015, to revenue generated by those stations and digital companies in the aggregate during the three and six months ended June 30, 2014, the Company has provided a non-GAAP comparison of the adjusted net operating revenue for the combined company for the three and six months ended June 30, 2014, along with the year-to-year percentage change. These combined company numbers presented for the three and six months ended June 30, 2014, were derived by making the following adjustments to the revenues reported on the statement of comprehensive income for the same periods:

- adding LIN's revenues for the three and six months ended June 30, 2014, and excluding the stations sold in Providence, Rhode Island (WJAR); Green Bay-Appleton, Wisconsin (WLUK and WCWF); Savannah, Georgia (WJCL and certain assets of WTGS); Birmingham, Alabama (WVTM); and Mobile, Alabama (WALA) as part of the business combination transaction;
- adding revenues for the three and six months ended June 30, 2014 of the acquired stations in Harrisburg, Pennsylvania (WHTM); Colorado Springs, Colorado (KXRM and KXTU); and Tampa, Florida (WTTA);
- including adjustments as though the BiteSize TV and Federated Media entities had been owned for the full three and six month periods ended June 30, 2014;
- excluding activity attributable to the Nami entity, which was disposed of by LIN prior to the LIN Merger; and
- including adjustments to reflect the change from a CBS to a CW affiliation for the Indianapolis, Indiana station as of January 1, 2014. The station converted to a CW affiliation on January 1, 2015.

The Company provides these non-GAAP financial results for the combined company because the Company believes these metrics will better allow investors, financial analysts and others to evaluate period-over-period changes in the financial results of the Company's existing operations.

	Three Months Ended						
			(As Reported)		(As Adjusted)		
(Unaudited, in thousands)	June 30, 2015	% of Total	June 30, 2014	Adjustments	June 30, 2014	Percent Change	
Local	$220,143	68.7	% $105,721	$95,533	$201,254	9.4	%
National	52,955	16.5	% 27,192	26,649	53,841	(1.6	)%
Political	2,628	0.8	% 8,467	3,752	12,219	(78.5	)%
Digital	36,421	11.4	% 5,955	35,808	41,763	(12.8	)%
Other	8,376	2.6	% 6,776	1,804	8,580	(2.4	)%
Net operating revenue, as adjusted	$320,523		$154,111		$317,657	0.9	%

	Six Months Ended						
			(As Reported)		(As Adjusted)		
(Unaudited, in thousands)	June 30, 2015	% of Total	June 30, 2014	Adjustments	June 30, 2014	Percent Change	
Local	$427,027	69.2	% $206,155	$183,476	$389,631	9.6	%
National	102,072	16.5	% 53,841	51,460	105,301	(3.1	)%

Political	3,742	0.6 %	12,689	4,973	17,662	(78.8)%
Digital	66,671	10.8 %	10,879	63,379	74,258	(10.2)%
Other	17,745	2.9 %	14,465	3,483	17,948	(1.1)%
Net operating revenue, as adjusted	$617,257		$298,029		$604,800	2.1 %

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Local revenue for the combined company was up $19 million and $37 million during the three and six months ended June 30, 2015, respectively, as a result of increased retransmission revenue and, to a lesser extent, an increase in core local advertising. National advertising revenue decreased $3.2 million during the six months ended June 30, 2015 as compared to the prior-year equivalent period primarily due to revenues from the Sochi Winter Olympic games on the Company's NBC affiliates during February 2014 combined with a decline in automotive spending. Political revenue for the combined company declined by nearly 80% during the three and six months ended June 30, 2015 as compared to the prior-year equivalent periods due to the fact that 2015 is not a national election year. The decreases of 12.8% and 10.2% in Digital revenue during the three and six months ended June 30, 2015, respectively, were largely caused by the completion of the planned business transformation of Federated Media sales staff and pricing pressure from programmatic advertising buying, for which the Company has instituted an automated buying strategy during the 2nd Quarter of 2015.

OPERATING COSTS

Operating costs as reported on the consolidated statements of comprehensive income increased $152 million and $303 million in the second quarter and first six months of 2015, respectively, from the prior-year equivalent periods overwhelmingly due to the merger with LIN Media, as previously described. Also contributing to the increase in operating costs were higher network programming payments driven by the increase in retransmission revenue and the impact of network affiliation renewal agreements. In addition, operating costs increased due to higher compensation and healthcare costs. The Company believes that a comparison of operating costs on an as adjusted basis (making similar adjustments as described for revenue above) better allows investors, financial analysts and others to evaluate year-over-year changes in the financial results of the Company's existing stations. On an as adjusted basis, operating costs increased $18 million and $41 million to $284 million and $560 million during the second quarter and first six months of 2015, respectively, from the equivalent prior-year periods. The increases during both the quarter and year-to-date periods are due in large part to increased network programming payments, which rose $17 million and $34 million for the three and six months ended June 30, 2015, respectively. Absent the higher network payments, operating costs increased $1 million (or less than 1%) and $6.9 million (or 1.5%) from the equivalent prior-year quarter and year-to-date periods, reflecting merger related synergies and effective expense management. Higher depreciation and amortization expense during the quarter and year-to-date 2015 periods also contributed to the increase.

Corporate and other expenses as reported on the consolidated statements of comprehensive income increased by $4.7 million and $10.8 million in the three and six months ended June 30, 2015, respectively, primarily due to the impact of stock-based compensation, which rose $4.2 million and $8.3 million, respectively.

Depreciation and amortization expense as reported on the consolidated statements of comprehensive income was $43 million and $83 million in the three and six months ended June 30, 2015, compared to $16 million and $33 million in the corresponding prior-year periods. The increase was primarily the result of additional assets acquired resulting from the mergers, although new capital investments contributed to a lesser extent.

The Company also recorded $3.6 million and $9.3 million of merger-related and restructuring costs in the second quarter of 2015 and 2014, respectively, as shown on the consolidated statements of comprehensive income primarily for employee restructuring, investment banking and professional fees related to the LIN Merger and the merger with Young Broadcasting(reflected in 2014 only).

INTEREST EXPENSE

Interest expense of more than $60 million in the first six months of 2015 tripled interest expense in the corresponding period of 2014 due to additional debt related to the LIN Merger. The Company's effective interest rate increased from 4.4% in the three and six month periods ended June 30, 2014 (based on $870 million and $893 million of average outstanding debt, respectively) to 4.98% and 5.09% during the equivalent periods of 2015, respectively (based on $2.4 billion of average outstanding debt for both periods). The increase is due to the higher interest rates attached to the 2021 Notes assumed as part of LIN Merger and 2022 Notes issued related to the LIN Merger transaction.

During the first six months of 2015, the Company repaid $135 million of principal on the Media General term loan (as well as $1.2 million and $0.6 million on the Shield loans and Other borrowings, respectively). The Company was only required to make aggregate principal payments of $6 million during the first six months of 2015.

INCOME TAXES

The effective tax rate was 43.3% in the second quarter of 2015 as compared to 44.5% in the second quarter of 2014 and 69.6% in the first six months of 2015 as compared 42.7% in the equivalent prior-year period. The high tax rate in both periods was due primarily to the relative dollar amount of merger-related expenses (a significant portion of which will not be deductible) and other permanent book-tax differences, as compared to much lower levels of pre-tax income. The tax expense in both years was predominantly non-cash due to the Company's interim net loss for tax purposes and significant net operating loss carryover. Current tax expense was approximately \$1.3 million and \$0.2 million in the second quarter of 2015 and 2014 respectively and was approximately \$1.5 million and \$0.3 million in the first six months of 2015, and 2014, respectively; it was attributable to state income taxes.

The Company records income tax expense using the liability method, under which deferred tax assets and liabilities are recorded for the differing treatments of various items for financial reporting versus tax reporting purposes. The Company evaluates the need for a valuation allowance for deferred tax assets. Included in that analysis is the fact that the Company has carried forward \$647 million of net operating losses (NOLs) as of June 30, 2015. The analysis shows that, although there are limitations in future years, the Company anticipates being able to use the NOLs recorded before they expire over the course of the next 20 years.

OTHER

The Company received \$120 million of restricted cash in a qualified intermediary (a consolidated entity) from the 2014 sale of the WJAR-TV station. In June of 2015, the restricted cash was released from the qualified intermediary and remitted to the Company as suitable replacement property was not identified and purchased.

In March of 2015, the Company received \$2.5 million in settlement proceeds as a party to an industry-wide lawsuit alleging overcharges by a music licensing agency. The settlement proceeds were recorded as a reduction in Operating expenses.

The Company entered into agreements with a telecommunications company to relocate broadcast channels in our Lansing, Michigan and Austin, Texas markets. For the three and six months periods ended June 30, 2015, the Company recorded non-operating gains of \$2.5 million and \$5.6 million, respectively, related to these agreements for the completion of the relocation. In July 2015 the Company received a performance payment from Shield Media related to its channel relocation in Lansing, Michigan. The performance payment was included in a \$9 million dividend discussed in Note 4.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity is its cash flow from operations, but it also has access to the \$150 million revolving credit facility and cash on its balance sheet. The Company has \$147 million of availability under the revolving credit facility (giving effect to \$3 million of letters of credit which have been issued but are undrawn) and \$72 million of cash on its balance sheet as of June 30, 2015. There is \$11 million of cash in the consolidated balance sheet as of June 30, 2015 which can only be used to settle the obligations of the VIEs as discussed in Note 4. The LIN Merger has enhanced the Company's ability to generate cash, particularly in even-numbered years when Political and Olympic revenues are most prominent. The Company may also consider using its cash flow along with both debt and equity for further acquisitions or other corporate initiatives.

On March 31, 2015, the Board of Directors of the Company approved a share repurchase program expiring December 31, 2015, which authorizes the Company to purchase up to $120 million of its outstanding shares of common stock. The Company purchased 1.1 million shares of common stock at an average price of $16.44 per share under the program for $19 million through June 30, 2015.

The Company generated $96 million of cash from operating activities during the six months ended June 30, 2015. This compared to $2.8 million of net cash generated by operating activities in the year-ago period. The increase from the year-ago period is primarily the result of the addition of cash flows from the merger in the six months ended June 30, 2015 and significantly lower retirement plan contributions during the first six months of 2015. In the six months ended June 30, 2014, the Company made voluntary cash contributions of $47 million to its retirement plans. While retirement plan contributions and changes in balance sheet accounts such as trade accounts payable, accrued expenses and other liabilities (including payment of accrued interest) and accounts receivable can and did have an impact on the cash flows from operating activities, as shown on the Consolidated Statements of Cash Flows, the key component is the underlying operating performance of the Company's stations.

The Company internally, and analysts in the Broadcast industry, use a non-GAAP Broadcast Cash Flow (BCF) metric as a key performance measure. BCF is defined as operating income plus corporate and other expenses, depreciation and amortization, net gains related to property and equipment, program license rights amortization less payments for program license rights and merger-related expenses. As shown in the table that follows, as adjusted BCF (reflecting the combined company numbers as described in "Revenues") decreased from $105 million to $96 million in the second quarter of 2015 primarily due to advertising revenues related to the national elections and Olympic games during 2014 which did not recur in the current year:

(Unaudited, in thousands)	Three Months Ended June 30, 2015	(As Reported) June 30, 2014	Adjustments	(As Adjusted) June 30, 2014
Operating Income	$36,852	$22,037	$29,574	$51,611
Add:				
Depreciation and amortization	42,618	16,440	13,936	30,376
Corporate and other expenses	12,366	7,633	5,498	13,131
(Gain) loss related to property and equipment, net	(196)	992	5	997
Program license rights, net	922	(146)	33	(113)
Merger-related and restructuring expenses	3,616	9,314	—	9,314
Broadcast cash flow	$96,178	$56,270		$105,316

During the six months ended June 30, 2015, BCF decreased from $185 million to $174 million, as shown in the table that follows:

(Unaudited, in thousands)	Six Months Ended June 30, 2015	(As Reported) June 30, 2014	Adjustments	(As Adjusted) June 30, 2014
Operating Income	$57,499	$41,291	$44,324	$85,615
Add:				
Depreciation and amortization	82,901	32,635	27,393	60,028
Corporate and other expenses	25,017	14,211	12,166	26,377
(Gain) loss related to property and equipment, net	(424)	221	99	320
Program license rights, net	47	(289)	(621)	(910)
Merger-related and restructuring expenses	8,893	14,066	—	14,066
Broadcast cash flow	$173,933	$102,135		$185,496

Investing activities of the Company provided cash of $100 million during the first six months of 2015 primarily due to the release from a qualified intermediary of $120 million in restricted cash related to the 2014 sale of WJAR-TV, as discussed above. This cash inflow was partially offset by $24 million in capital expenditures during the first six months of 2015. The Company also had cash inflows of $3.1 million during 2015 related to the relocation of broadcast channels in Lansing, Michigan and Austin, Texas.

Cash used by financing activities of $168 million and $66 million in the six months ended June 30, 2015 and 2014 primarily resulted from principal payments of $135 million and $64 million on the Media General term loan during the year-to-date periods in 2015 and 2014, respectively. The Company also had a $9.2 million cash outflow related to the acquisition of the remaining noncontrolling interest in Dedicated Media and, as discussed above, cash payments of $19 million for share repurchases under the share repurchase program approved by the Board of Directors during

2015.

Debt Agreements

At June 30, 2015, the Company had the following debt instruments (presented with maturity dates):

Term Loan (7/31/2020)	$1,566 million	LIBOR + 3.00% w/ 1% LIBOR floor
Revolver (10/28/2019)	$147 million available; None drawn	LIBOR + 2.50%; 0.5% commitment fee
2022 Notes (11/15/2022)	$400 million	5.875% fixed
2021 Notes (1/15/2021)	$290 million	6.875% fixed
Shield Media Term Loans (7/31/2018)	$28 million	LIBOR + 3.25%
Other Borrowings (through 2017)	$1.5 million	LIBOR + 3.00%

The borrowings described above were primarily used to finance merger/acquisition activity. Obligations under the Credit Agreement are guaranteed by the Company and its restricted wholly owned subsidiaries, and the Company (with each of such subsidiaries) has pledged substantially all of its assets as collateral for the loans. The Shield Media Term Loans are guaranteed by the Company and its restricted wholly owned subsidiaries, and the Company (with each of such subsidiaries) has pledged substantially all of its assets as collateral for the loans, on a pari passu basis with the Credit Agreement. The 2021 Notes and 2022 Notes are issued by LIN Television, and are guaranteed by the Company and certain of LIN Television’s subsidiaries on a full and unconditional basis.

On June 22, 2015, the Company re-priced the existing Term Loan. At the option of the Company, the re-priced interest rate on the Term Loan is adjusted LIBOR plus a margin of 3.00%. The maturity date for the Term Loan remains July 31, 2020. Repayments on the Term Loan made by the Company during 2015 cover all principal amortization payments required under the agreement through the end of 2019.

The Credit Agreement contains a leverage ratio covenant which is tested for purposes of the Revolving Credit Facility, if and when, the borrowings under the Revolving Credit Facility and non-collateralized letters of credit exceed $45 million at a quarter-end. At other times, there is not a required maximum leverage ratio that the Company must operate within. The leverage ratio involves debt levels and a rolling eight-quarter calculation of EBITDA, as defined in the agreement. For the second and third quarters of 2015, the maximum ratio would be 5.75 times, for the fourth quarter it would be 5.50 times, for the first quarter of 2016 it would be 5.25 times, and it would be 5.0 times thereafter. Additionally, the agreement has restrictions on certain transactions that are operational regardless of borrowing level under the Revolving Credit Facility, including the incurrence and existence of additional debt, capital leases, investments, fundamental changes (including additional acquisitions, mergers or consolidations), limitation on liens, prepayment or amendment of certain debt, transactions with affiliates, changes in the nature of the business, asset sales and restricted payments (including dividends and share repurchases) as defined in the Credit Agreement.

The Shield Media Term Loans have a fixed charge coverage ratio (a ratio of fixed charges (interest, debt payments, capital expenditures and taxes) to EBITDA, calculated on a rolling eight-quarter basis, as defined in the agreement). The Shield Media Term Loans also have restrictions on transactions similar in nature to those in the Credit Agreement, but scaled to Shield Media’s smaller size. Additionally, the Shield Media Term Loans have more specific covenants regarding the operation of the Shield Media business and requires that each Shield Media holding company that controls a Shield Media station limit its activities to the performance of its obligations under the Shield Media credit documents, and activities incidental thereto, including owning a Shield Media station and the performance of its obligations under and activities related to the shared services agreement.

The Indentures governing the 2021 Notes and the 2022 Notes do not contain financial maintenance covenants but do include restrictive covenants with respect to the ability to incur additional debt and issue disqualified stock; pay dividends or make other restricted payments; prepay, redeem or repurchase capital stock or subordinated debt; transfer or sell assets; make investments; enter into transactions with affiliates; create or incur liens; and merge or consolidate with any other person.

The Credit Agreement, Shield Media Credit Agreements along with the Indentures governing the 2021 Notes and 2022 Notes all contain cross-default provisions.

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Consolidated net leverage, as defined in the Credit Agreement governing the Revolving Credit Facility, was 4.99x as of June 30, 2015. The Company is in compliance with all financial covenants at June 30, 2015.

The Company does not have material off-balance sheet arrangements.

OUTLOOK

With the completion of the LIN Merger and related divestitures, the Company owns or operates 71 stations across 48 markets covering 23% of U.S. TV households. The Company's scale has already delivered significant operating synergies and facilitated increased cash flow generation which enabled the Company to pay down debt. With significant liquidity and U.S. TV household reach of 23%, the Company has substantial capacity under the 39% FCC national ownership cap to make additional acquisitions if the right opportunities arise. The combination of the LIN Media Digital companies with the Media General stations should help to enable an expansion of digital offerings. Although national elections and Olympic games will not be held in 2015, strength in retransmission revenues and an improving economy should help to enable the Company to recoup much of the political and Olympic revenues from which the Company benefited in 2014. For 2016, many experts are projecting strong spending in political advertising, and having the Olympics in Rio de Janeiro, Brazil should enable more "live" events on the Company's NBC stations. The Company expects to generate strong free cash flow as a combined entity and to create liquidity available for share repurchases and debt reduction. In addition the Company continues to evaluate its options for the spectrum auction that is currently slated for late 2016. The Company outlook above is subject to risks, uncertainties and assumptions, which could individually or collectively cause actual results to differ materially from those projected above.
* * * * * * * *

Certain statements in this quarterly report, particularly those in the section with the heading "Outlook" are not historical facts and are "forward-looking" statements, as that term is defined by the federal securities laws. Forward-looking statements include, among others, statements related to future financial results, to pending transactions and contractual obligations, critical accounting estimates and assumptions, the impact of technological advances including consumer acceptance of mobile television and expectations regarding the effects of retransmission fees, network affiliate fees, pension and postretirement plans, capital spending, general advertising levels and political advertising levels, the effects of changes to FCC regulations and FCC approval of license applications. Forward-looking statements, including those which use words such as the Company "believes," "anticipates," "expects," "estimates," "intends," "projects," "plans," "may" and similar words, including "outlook", are made as of the date of this quarterly report on Form 10-Q and are subject to risks and uncertainties that could potentially cause actual results to differ materially from those results expressed in or implied by such statements. The reader should understand that it is not possible to foresee or identify all risk factors. Consequently, any such list should not be considered a complete statement of all potential risks or uncertainties.

Various important factors could cause actual results to differ materially from the Company's forward looking statements, estimates or projections including, without limitation: the impact of various business combinations and integration efforts of the Company, changes in advertising demand, emergence of new digital advertising platforms, changes to pending accounting standards, changes in interest rates, changes in consumer preferences for programming and delivery method, changes in relationships with broadcast networks and advertisers, the performance of pension plan assets, regulatory rulings including those related to ERISA and tax law, natural disasters, and the ability to renew retransmission agreements. Actual results may differ materially from those suggested by forward-looking statements for a number of reasons including those described in Item 1A ("Risk Factors") of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company's Annual Report on Form 10-K for the year ended December 31, 2014, provides disclosures about market risk. As of June 30, 2015, there have been no material changes in the Company's market risk from December 31, 2014.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, including its chief executive officer and chief financial officer, performed an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2015. Based on that evaluation, the Company's management, including its chief executive officer and chief financial officer, concluded that the Company's disclosure controls and procedures were effective as of June 30, 2015.

Change in Internal Control Over Financial Reporting

The LIN Merger was completed on December 19, 2014, and represented a change in internal control over financial reporting. The Company is well into the process of evaluating and harmonizing its existing controls and procedures as part of its ongoing integration activities following the LIN Merger. During the first quarter of 2015 the Company began reporting from a single accounting system. The Company also began a conversion of Old Media General's traffic and billing system to the system used by LIN Media. This conversion is expected to be completed in the third quarter of 2015 resulting in all stations residing on the same traffic and billing system.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On March 31, 2015, the Board of Directors of the Company approved a share repurchase program expiring December 31, 2015, which authorizes the Company to purchase up to $120 million of its outstanding shares of common stock. The Company completed the following purchases under this program during the three months ended June 30, 2015:

Period	Shares purchased during the period	Average price paid per share	Aggregate number of share purchased under the program	Dollar value available for future purchases
April 1, 2015 to April 30, 2015	—	$—	—	$—
May 1, 2015 to May 31, 2015	525,907	$15.93	525,907	$111,625,466
June 1, 2015 to June 30, 2015	613,600	16.87	1,139,507	101,276,932
Total	1,139,507	$16.44	1,139,507	101,276,932

Item 5. Other Information

On August 6, 2015, the Company and James F. Woodward (Senior Vice President, Chief Financial Officer) entered into an amended and restated employment agreement (the “Restated Agreement”), which supersedes the terms of his employment agreement effective as of June 5, 2013 (the “Prior Agreement”). The terms of the Restated Agreement are generally consistent with the terms of his Prior Agreement except as described below.

Pursuant to the Restated Agreement, the terms of the Prior Agreement are amended to provide that upon a termination by the Company other than for cause or disability or by Mr. Woodward for good reason (as such terms are defined in the Restated Agreement), Mr. Woodward’s cash severance entitlement is increased from one and one-half (1½) to two (2) times the sum of his base salary and target annual bonus opportunity (plus an additional six (6) months of base salary would be guaranteed to Mr. Woodward in such event).

Item 6. Exhibits

(a) Exhibits

31.1	Section 302 Chief Executive Officer Certification
31.2	Section 302 Chief Financial Officer Certification
32	Section 906 Chief Executive Officer and Chief Financial Officer Certification
101	The following financial information from the Media General, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, formatted in XBRL includes: (i) Consolidated Condensed Balance Sheets at June 30, 2015 and December 31, 2014, (ii) Consolidated Condensed Statements of Comprehensive Income for the three and six month periods ended June 30, 2015 and June 30, 2014, (iii) Consolidated Condensed Statements of Cash Flows for the six months ended June 30, 2015 and June 30, 2014, and (iv) the Notes to Consolidated Condensed Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEDIA GENERAL, INC.

Date: August 7, 2015

By: /s/ Vincent L. Sadusky
Vincent L. Sadusky
President and Chief Executive Officer

Date: August 7, 2015

By: /s/ James F. Woodward
James F. Woodward
Senior Vice President, Chief Financial Officer

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