SCHOLASTIC CORP
Form DEF 14A
August 11, 2008

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 (Amendment No. )

Filed by the Registrant [X]
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))
[X] Definitive Proxy Statement
[_] Definitive Additional Materials
[_] Soliciting Material Pursuant to Section 240.14a -12

SCHOLASTIC CORPORATION
(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):

[X] 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:

Scholastic 557 Broadway, New York, NY 10012-3999 (212) 343-6100

www.scholastic.com

**SCHOLASTIC CORPORATION**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

*To Holders of Class A Stock and Common Stock:*

The Annual Meeting of Stockholders of Scholastic Corporation (the Company ) will be held at the Company s corporate headquarters located at 557 Broadway, New York, New York on Wednesday, September 24, 2008, at 9:00 a.m., local time, for the following purposes:

*Matters to be voted upon by holders of the Class A Stock*

1. Electing eight directors to the Board of Directors
2. Approving an amendment to the Scholastic Corporation Employee Stock Purchase Plan
3. Approving the Scholastic Corporation 2008 Executive Performance Incentive Plan

*Matters to be voted upon by holders of the Common Stock*

1. Electing two directors to the Board of Directors

and such other business as may properly come before the meeting and any adjournments thereof.

A proxy statement describing the matters to be considered at the Annual Meeting of Stockholders is attached to this notice. Only stockholders of record of the Class A Stock and the Common Stock at the close of business on August 1, 2008 are entitled to notice of, and to vote at, the meeting and any adjournments thereof.

**We hope that you will be able to attend the meeting. Whether or not you plan to be present at the meeting, we urge you to vote your shares promptly. You can vote your shares in three ways:**

**via the Internet at the website indicated on your proxy card;**
**via telephone by calling the toll free number on your proxy card; or**
**by returning the enclosed proxy card.**

By order of the Board of Directors

Devereux Chatillon
Secretary
August 15, 2008

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**Important Notice Regarding Availability of Proxy Materials**

**for the 2008 Annual Meeting of Stockholders to Be Held on September 24, 2008**

This Proxy Statement and the Annual Report to Stockholders are available at

http://bnymellon.mobular.net/bnymellon/schl

**SCHOLASTIC CORPORATION**

**557 Broadway**

**New York, New York 10012-3999**

## PROXY STATEMENT

## ANNUAL MEETING OF STOCKHOLDERS

**September 24, 2008**

## SOLICITATION OF PROXIES

### General Information

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board ) of Scholastic Corporation, a Delaware corporation (the Company ), to be voted at its Annual Meeting of Stockholders (the Annual Meeting ), which will be held at 557 Broadway, New York, New York at 9:00 a.m., local time, on Wednesday, September 24, 2008, and at any adjournments thereof.

Shares represented by each proxy properly submitted, either by mail, the internet or telephone as indicated on the enclosed form of proxy, will be voted in accordance with the instructions indicated on such proxy unless revoked. A stockholder may revoke a proxy at any time before it is exercised by:

- delivering to the Secretary of the Company a written revocation thereof or a duly executed proxy bearing a later date,
- providing subsequent telephone or internet voting instructions, or
- voting in person at the Annual Meeting.

Any written notice revoking a proxy should be sent to the attention of Devereux Chatillon, Secretary, Scholastic Corporation, 557 Broadway, New York, New York 10012-3999.

If no instructions are specified, your shares will be voted:

- FOR the election of the directors indicated;
- in the case of the Class A stockholders, FOR the approval of Proposals 2 and 3; and

in the discretion of the proxy holders, if any other matter properly comes before the Annual Meeting.

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This proxy statement and the accompanying form of proxy, together with the Company s Annual Report to Stockholders, which includes the Company s Annual Report on Form 10-K for the fiscal year ended May 31, 2008, are being mailed to stockholders on or about August 15, 2008.

The cost of soliciting proxies will be borne by the Company. Solicitation other than by mail may be made personally or by telephone, facsimile or e-mail by regularly employed officers and employees who will not be additionally compensated for such solicitation. The Company may also reimburse brokers, custodians, nominees and other fiduciaries for their reasonable expenses in forwarding proxy materials to principals.

**Voting Securities of the Company**

Only holders of record of the Company s Class A Stock, $0.01 par value ( Class A Stock ), and Common Stock, $0.01 par value ( Common Stock ), at the close of business on August 1, 2008 (the Record Date ) are entitled to vote at the Annual Meeting. As of the Record Date, there were 1,656,200 shares of Class A Stock and 36,222,050 shares of Common Stock outstanding.

The Amended and Restated Certificate of Incorporation of the Company (the Certificate ) provides that, except as otherwise provided by law, the holders of shares of Class A Stock (the Class A Stockholders ), voting as a class, have the right: (i) to fix the size of the Board so long as it does not consist of less than three nor more than 15 directors, (ii) to elect all the directors, subject to the right of the holders of shares of Common Stock, voting as a class, to elect such minimum number of the members of the Board as shall equal at least one-fifth of the members of the Board, and (iii) to exercise, exclusive of the holders of the shares of Common Stock, all other voting rights of stockholders of the Company. The Certificate also provides that, except as otherwise provided by law, the voting rights of the holders of shares of Common Stock are limited to the right, voting as a class, to elect such minimum number of the members of the Board as shall equal at least one-fifth of the members of the Board.

Each share of Class A Stock and Common Stock is entitled to one vote. No holders of either class of stock have cumulative voting rights. At the Annual Meeting, the Class A Stockholders will vote on the election of eight members of the Board and the holders of the Common Stock will vote on the election of two members of the Board. The other proposals set forth in the notice attached to this proxy statement for consideration at the Annual Meeting will be voted on by the Class A Stockholders. If any other matters were to properly come before the Annual Meeting, they would be voted on by the Class A Stockholders.

The vote required for each proposal is specified in the description of such proposal. In the election of directors, withheld votes and abstentions have no effect on the vote. Under the Company s Bylaws, for the purpose of determining whether a proposal has received the required vote, abstentions will not be considered as votes cast and will have no effect. Because none of the shares of Class A Stock are held by brokers, the effect of broker non-votes is not applicable in the case of the Class A Stock. Because the only proposal before the holders of Common Stock is the election of two directors, the effect of broker non-votes is not applicable in the case of the Common Stock.

**Principal Holders of Class A Stock and Common Stock**

The following table sets forth information regarding persons who, to the best of the Company s knowledge, beneficially owned five percent or more of the Class A Stock or the Common Stock outstanding on the Record Date. Under the applicable rules and regulations of the Securities and Exchange Commission (the SEC ), a person who directly or indirectly has, or shares, voting power or investment power with respect to a security is considered a beneficial owner of such security. Voting power is the power to vote or direct the voting of shares, and investment power is the power to dispose of or direct the disposition of shares.

| | Class A Stock | | Common Stock | |
|---|---|---|---|---|
| **Name and Address of Beneficial Owner** | **Amount and Nature of Beneficial Ownership (1)** | **Percent of Class** | **Amount and Nature of Beneficial Ownership (2)** | **Percent of Class** |
| Richard Robinson<br>c/o Scholastic Corporation<br>557 Broadway<br>New York, NY 10012 | 2,551,200 | 100 % | 6,863,384 | 17.5 %(3) |
| Barbara Robinson Buckland<br>c/o Scholastic Corporation<br>557 Broadway<br>New York, NY 10012 | 648,620 | 39.2 % | 2,500,362 | 6.9 % |
| Mary Sue Robinson Morrill<br>c/o Scholastic Corporation<br>557 Broadway<br>New York, NY 10012 | 765,296 | 46.2 % | 3,255,568 | 8.8 %(4) |
| William W. Robinson<br>c/o Scholastic Corporation<br>557 Broadway<br>New York, NY 10012 | 648,620 | 39.2 % | 2,598,685 | 7.1 %(5) |
| Florence Robinson Ford<br>c/o Scholastic Corporation<br>557 Broadway<br>New York, NY 10012 | 648,620 | 39.2 % | 2,882,733 | 7.8 % |
| Trust under the Will of Maurice R. Robinson | 648,620 | 39.2 % | 2,331,712 | 6.3 % |

c/o Scholastic Corporation
557 Broadway
New York, NY 10012

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| Name and Address of Beneficial Owner | Class A Stock: Amount and Nature of Beneficial Ownership (1) | Class A Stock: Percent of Class | Common Stock: Amount and Nature of Beneficial Ownership (2) | Common Stock: Percent of Class |
|---|---|---|---|---|
| Trust under the Will of Florence L. Robinson c/o Scholastic Corporation 557 Broadway New York, NY 10012 | 116,676 | 7.0 % | 466,676 | 1.3 % |
| T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202 | | | 4,164,835 | 11.5 %(6) |
| Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, CA 90401 | | | 3,307,024 | 9.1 %(7) |

(1) Each of Richard Robinson, Barbara Robinson Buckland, Mary Sue Robinson Morrill, William W. Robinson and the Maurice R. Robinson Trust have filed Statements on Schedule 13G with the SEC (the 13G Filings ) regarding beneficial ownership of Common Stock. Richard Robinson, Chairman of the Board, President and Chief Executive Officer of the Company, and Barbara Robinson Buckland, Florence Robinson Ford, Mary Sue Robinson Morrill and William W. Robinson, all of whom are siblings of Richard Robinson, and Andrew S. Hedden, a director of the Company, are trustees of the Trust under the Will of Maurice R. Robinson (the Maurice R. Robinson Trust ), with shared voting and investment power with respect to the shares owned by the Maurice R. Robinson Trust. Under the terms of the Maurice R. Robinson Trust, the vote of a majority of the trustees is required to vote or direct the disposition of the shares held by the Maurice R. Robinson Trust. In addition, Richard Robinson and Mary Sue Robinson Morrill are the co-trustees of the Trust under the Will of Florence L. Robinson (the Florence L. Robinson Trust ), with shared voting and investment power with respect to the shares owned by the Florence L. Robinson Trust. Any acts by the Florence L. Robinson Trust require the approval of each Trustee. Each such trust directly owns the shares attributed to it in the table and each person listed herein as a trustee of such trust is deemed to be the beneficial owner of the shares directly owned by such trust. Based on their 13G filings and subsequent information made available to the Company, the aggregate beneficial ownership of the Class A Stock by the following persons was: Richard Robinson 1,785,904 shares (sole voting and investment power), which includes 895,000 shares issuable under options to purchase Class A Stock ( Class A Options ) exercisable by Mr. Robinson within 60 days, and 765,296 shares (shared voting and investment power); Barbara Robinson Buckland 648,620 shares (shared voting and investment power); Mary Sue Robinson Morrill 765,296 shares (shared voting and investment power); William W. Robinson 648,620 shares (shared voting and investment power); Florence Robinson Ford 648,620 shares (shared voting and investment power); Maurice R. Robinson Trust 648,620 shares (sole voting and investment power); and Florence L. Robinson Trust 116,676 shares (sole voting and investment power).

(2) The shares of Class A Stock are convertible at the option of the holder into shares of Common Stock at any time on a share-for-share basis. The number of shares of Common Stock and percentage of the outstanding shares of Common Stock for each beneficial owner of Class A Stock assumes the conversion of such holder s shares of Class A Stock (including the 895,000 shares issuable under Class A Options exercisable within 60 days, in the

case of Mr. Robinson) into shares of Common Stock. Based on their 13G filings and subsequent information made available to the Company, the aggregate beneficial ownership of Common Stock by the following holders was: Richard Robinson 3,983,190 shares (sole voting and investment power), which includes the 895,000 shares under Class A Options exercisable within 60 days held by Mr. Robinson, and 2,880,194 shares (shared voting and investment power); Barbara Robinson Buckland 168,650 shares (sole voting and investment power) and 2,331,712 shares (shared voting and investment power); Mary Sue Robinson Morrill 3,255,568 shares (shared voting and investment power); William W. Robinson 205,045 shares (sole voting and investment power) and 2,393,640 shares (shared voting and investment power); Florence Robinson Ford 2,882,733 shares (shared voting and investment power); Maurice R. Robinson Trust 2,331,712 shares (sole voting and investment power); and Florence L. Robinson Trust 466,676 shares (sole voting and investment power).

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(3) Includes 2,551,200 shares of Common Stock issuable on conversion of the Class A Stock (including the 895,000 shares issuable under the Class A Options) described in Notes 1 and 2 above; 1,283,513 shares of Common Stock held directly by Richard Robinson; 350,000 shares of Common Stock held pursuant to a variable pre-paid forward stock sale (the VPF ), which allows Mr. Robinson to retain all increases in the share price up to 50% and, at an agreed upon future delivery date, to elect to retain these shares and settle the VPF with cash rather than selling the shares; 505,850 shares of Common Stock under options exercisable by Mr. Robinson within 60 days; 4,883 shares of Common Stock with respect to which Mr. Robinson had voting rights at May 31, 2008 under the Scholastic Corporation 401(k) Savings and Retirement Plan (the 401(k) Plan ); 1,683,092 shares of Common Stock owned by the Maurice R. Robinson Trust; 350,000 shares of Common Stock owned by the Florence L. Robinson Trust; 7,594 shares of Common Stock for which Mr. Robinson is custodian under a separate custodial account for one of his sons; 4,212 shares of Common Stock owned directly by his sons; 70,000 shares of Common Stock owned by the Richard Robinson and Helen Benham Charitable Fund; and 53,040 shares of Common Stock underlying restricted stock units ( RSUs ) vested or vesting within 60 days held under the Scholastic Corporation Management Stock Purchase Plan (the MSPP ), as more fully described herein.

(4) Does not include an aggregate of 208,896 shares of Common Stock held under Trusts for which Ms. Morrill s spouse is the trustee, as to which Ms. Morrill disclaims beneficial ownership.

(5) Does not include 15,430 shares of Common Stock held under Trusts for which Mr. William Robinson s spouse is a trustee, as to which Mr. Robinson disclaims beneficial ownership.

(6) The information for T. Rowe Price Associates, Inc. ( Price Associates ) is derived from a Schedule 13G, dated February 14, 2008, filed with the SEC. These shares are owned by various individual and institutional investors, as to which Price Associates serves as investment adviser with the sole power to direct investments with regard to all such shares and the sole power to vote 348,000 of such shares. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of these shares; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such shares.

(7) The information for Dimensional Fund Advisors LP ( Dimensional Fund ) is derived from a Schedule 13G, dated February 6, 2008, filed with the SEC. Dimensional Fund serves as investment adviser to four investment companies and as investment manager to certain other commingled group trusts and separate accounts (collectively, the Funds ). The Funds own these shares, and in its role as investment advisor or manager, Dimensional Fund has the sole power to vote and direct investments with regard to all such shares. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Dimensional Fund is deemed to be a beneficial owner of such shares; however, Dimensional Fund expressly disclaims that it is, in fact, the beneficial owner of such shares.

**Change of Control Arrangement for Certain Class A Stockholders**

Pursuant to an agreement dated July 23, 1990 between the Maurice R. Robinson Trust and Richard Robinson, the Maurice R. Robinson Trust has agreed that if it receives an offer from any person to purchase any or all of the shares of Class A Stock owned by the Maurice R. Robinson Trust and it desires to accept such offer, Richard Robinson shall have the right of first refusal to purchase all, but not less than all, of the shares of Class A Stock that such person has offered to purchase for the same price and on the same terms and conditions offered by such person. In the event Richard Robinson does not elect to exercise such option, the Maurice R. Robinson Trust shall be free to sell such shares of Class A Stock in accordance with the offer it has received. In addition, if Richard Robinson receives an offer from any person to purchase any or all of his shares of Class A Stock and the result of that sale would be to transfer to any person other than Richard Robinson or his heirs voting power sufficient to enable such other person to elect the majority of the Board, either alone or in concert with any person other than

Richard Robinson, his heirs or the Maurice R. Robinson Trust (a  Control Offer ), and Mr. Robinson desires to accept the Control Offer, the Maurice R. Robinson Trust shall have the option to sell any or all of its shares of Class A Stock to the person making the Control Offer at the price and on the terms and conditions set forth in the Control Offer. If the Maurice R. Robinson Trust does not exercise its option, Mr. Robinson shall be free to accept the Control Offer and to sell his shares of Class A Stock in accordance with the terms of the Control Offer. If the Maurice R. Robinson Trust exercises its option, Mr. Robinson cannot accept the Control Offer unless the person making the Control Offer purchases the shares of Class A Stock that the Maurice R. Robinson Trust has elected to sell.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 (the  Exchange Act ) requires directors, executive officers and persons who are the beneficial owners of more than 10% of the Common Stock to file reports of their ownership and changes in ownership of the Company s equity securities with the SEC. The reporting persons are required by SEC regulation to furnish the Company with copies of all Section 16 reports they file. Based on a review of the copies of such forms furnished to the Company and other written representations that no other reports were required during the fiscal year ended May 31, 2008, the Company believes its directors, executive officers and greater than ten percent beneficial owners timely filed all Section 16(a) reports required during such fiscal year.

**Share Ownership of Management**

On the Record Date, each director, each Named Executive Officer reported under the caption Executive Compensation and all directors and executive officers as a group beneficially owned shares of the Class A Stock and Common Stock as follows:

| Name | Class A Stock Amount and Nature of Beneficial Ownership (1) | | Class A Stock Percent of Class | | Common Stock Amount and Nature of Beneficial Ownership (1) | | Common Stock Percent of Class | |
|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | |
| Richard Robinson | 2,551,200 | (2) | 100 | % | 6,863,384 | (3) | 17.5 | % |
| James W. Barge | | | | | 4,200 | (4) | | * |
| Rebeca M. Barrera | | | | | 47,704 | (5) | | * |
| Ramon C. Cortines | | | | | 22,774 | (6) | | * |
| John L. Davies | | | | | 46,200 | (7) | | * |
| Andrew S. Hedden | | | | | 2,000 | (8) | | * |
| Mae C. Jemison | | | | | 59,204 | (9) | | * |
| Peter M. Mayer | | | | | 81,700 | (10) | | * |
| John G. McDonald | | | | | 59,204 | (19) | | * |
| Augustus K. Oliver | | | | | 63,474 | (11) | | * |
| Richard M. Spaulding | | | | | 207,296 | (12) | | * |
| **Named Executive Officers** | | | | | | | | |
| Richard Robinson | 2,551,200 | (2) | 100 | % | 6,863,384 | (3) | 17.5 | % |
| Maureen O Connell | | | | | 28,775 | (13) | | * |
| Margery A. Mayer | | | | | 277,460 | (14) | | * |
| Judith Newman | | | | | 212,708 | (15) | | * |
| Hugh R. Roome | | | | | 266,489 | (16) | | * |
| Deborah Forte | | | | | 221,097 | (17) | | * |
| Lisa Holton | | | | | 0 | (18) | | * |
| All directors and executive officers as a group (16 persons) | 2,551,200 | (2) | 100 | % | 8,483,669 | (19) | 22.2 | % |

* Less than 1.0%

(1) Except as indicated in the notes below, each person named has sole voting and investment power with respect to the shares shown opposite his or her name.

(2) See the information with respect to Richard Robinson under Principal Holders of Class A Stock and Common Stock above. The shares of Class A Stock are convertible at the option of the holder into shares of Common Stock at any time on a share-for-share basis.

(3) See the information with respect to Richard Robinson under Principal Holders of Class A Stock and Common Stock above.

(4) Includes 3,000 shares of Common Stock under options exercisable by Mr. Barge within 60 days and 1,200 shares underlying restricted stock units scheduled to vest within 60 days under the Scholastic Corporation 2007

Outside Director Stock Incentive Plan, (the 2007 Plan ), as more fully described herein.

(5) Includes 1,504 shares held directly by Ms. Barrera, 45,000 shares of Common Stock under options exercisable by her within 60 days and 1,200 restricted stock units scheduled to vest within 60 days under the 2007 Plan. Ms. Barrera will cease to be a director as of the Annual Meeting.

(6) Includes 574 shares of Common Stock held directly by Mr. Cortines, 21,000 shares of Common Stock under options exercisable by him within 60 days and 1,200 restricted stock units scheduled to vest within 60 days under the 2007 Plan.
(7) Includes 45,000 shares of Common Stock under options exercisable by Mr. Davies within 60 days and 1.200 shares underlying restricted stock units scheduled to vest within 60 days under the 2007 Plan.
(8) As a partner of a law firm that provides legal services to the Company, Mr. Hedden has declined all stock option awards otherwise available to him as a non-employee director.
(9) Includes 1,004 shares of Common Stock held directly by such director, 57,000 shares of Common Stock under options exercisable by such director within 60 days and 1,200 restricted stock units scheduled to vest within 60 days under the 2007 Plan.
(10) Includes 28,500 shares of Common Stock held directly by Mr. Mayer, 1,000 shares held through a pension plan in which he has an interest; 51,000 shares under options exercisable by him within 60 days and 1,200 restricted stock units scheduled to vest within 60 days under the 2007 Plan.
(11) Includes 5,274 shares of Common Stock held directly by Mr. Oliver, 57,000 shares of Common Stock under options exercisable by Mr. Oliver within 60 days and 1,200 restricted stock units scheduled to vest within 60 days under the 2002 Plan.
(12) Includes 170,806 shares of Common Stock held directly by Mr. Spaulding and 36,490 shares under options exercisable by him within 60 days. Does not include 1,200 unvested restricted stock units held under the Scholastic Corporation 2001 Stock Incentive Plan (the "2001 Plan").
(13) Includes 25 shares owned by Ms. O Connell s minor son and 27,250 shares under options exercisable by her within 60 days and 1,500 shares underlying restricted stock units scheduled to vest within 60 days under the 2001 Plan. Does not include 2,874 unvested RSUs held under the MSPP or 4,500 unvested restricted stock units held under the 2001 Plan.
(14) Includes 20,444 shares of Common Stock held directly by Ms. Mayer, 248,540 shares under options exercisable by her within 60 days, 1,500 shares underlying restricted stock units scheduled to vest within 60 days under the 2001 Plan and 6,976 shares underlying RSUs vested or vesting within 60 days held under the MSPP. Does not include 714 unvested RSUs held under the MSPP or 4,500 unvested restricted stock units held under the 2001 Plan.
(15) Includes 562 shares of Common Stock held directly by Ms. Newman, 200,650 shares under options exercisable by her within 60 days, 2,350 shares underlying restricted stock units scheduled to vest within 60 days under the 2001 Plan and 9,146 shares underlying RSUs vested or vesting within 60 days held under the MSPP. Does not include 301 unvested RSUs held under the MSPP or 6,200 unvested restricted stock units held under the 2001 Plan.
(16) Includes 13,681 shares of Common Stock held directly by Mr. Roome, 239,310 shares under options exercisable by him within 60 days, 3,017 shares underlying restricted stock units scheduled to vest within 60 days under the 2001 Plan, 3,567 shares underlying RSUs vested or vesting within 60 days held under the MSSP and 6,914 shares of Common Stock with respect to which Mr. Roome had voting rights at May 31, 2008 under the 401(k) Plan. Does not include 1,907 unvested RSUs held under the MSPP or 6,200 unvested restricted stock units held under the 2001 Plan.
(17) Includes 17,130 shares of Common Stock held directly by Ms. Forte, 187,440 shares under options exercisable by her within 60 days, 8,350 shares underlying restricted stock units scheduled to vest within 60 days under the 2001 Plan and 8,177 shares underlying RSUs vested or vesting within 60 days held under the MSPP. Does not include 2,030 unvested RSUs held under the MSPP or 1,700 unvested restricted stock units held under the 2001 Plan. Ms. Forte ceased being an executive officer of the Company in September 2007, but remains an officer of the Company.
(18) Ms. Holton is no longer an employee of the Company. See Compensation Discussion and Analysis Lisa Holton Severance Agreement.
(19) Includes 1,546,021 shares of Common Stock held directly, an aggregate of 1,801,030 shares of Common Stock under options exercisable by members of the group within 60 days, an aggregate of 80,906 shares underlying RSUs vested or vesting within 60 days held under the MSPP, an aggregate of 11,797 shares with respect to which members of the group had voting rights at May 31, 2008 under the 401(k) Plan, an aggregate of 26,817

shares underlying restricted stock units vesting within 60 days held under the 2001 Plan and an aggregate of 2,551,200 shares of Common Stock issuable on conversion of Class A Stock (including 895,000 the shares issuable under Class A Options exercisable within 60 days). Does not include an aggregate of 11,386 unvested RSUs held under the MSPP or an aggregate of 24,600 unvested restricted stock units held under the 2001 Plan.

**Compensation Committee Interlocks and Insider Participation**

No member of the Human Resources and Compensation Committee (the HRCC ) was at any time during fiscal 2008 an officer or employee of the Company or any of the Company s subsidiaries nor was any such person a former officer of the Company or any of the Company s subsidiaries. In addition, no HRCC member is an executive officer of another entity at which one of the Company s executive officers serves on the board of directors.

**Human Resources and Compensation Committee Report**

The HRCC has reviewed and discussed with management the Compensation Discussion and Analysis ( CD&A ) section of this Proxy Statement. Based on this review and discussion, the HRCC recommended to the Board (and the Board has approved) that the CD&A be included in this Proxy Statement and in the Company s Annual Report on Form 10-K for the fiscal year ended May 31, 2008.

The members of the Human Resources and Compensation Committee of the Board of Directors of Scholastic Corporation have provided this report:

John L. Davies, Chairperson
Ramon C. Cortines
Peter M. Mayer
John G. McDonald

**COMPENSATION DISCUSSION AND ANALYSIS**

The Company s compensation programs for its executive officers and other senior management are administered by the HRCC, which is composed solely of independent directors as defined by NASDAQ rules.

The HRCC generally consults with management regarding employee compensation matters. The Company s Chief Executive Officer, working with the Company s Human Resources Department, makes annual compensation recommendations to the HRCC for executive officers (other than himself) and senior management, including the Named Executive Officers. The Company s compensation programs have been adopted in order to implement the HRCC s compensation philosophy discussed below, while taking into account the Company s financial performance. They have been developed with the assistance of the Human Resources Department, as well as independent consultants. The HRCC periodically reviews the Company s compensation programs and practices in light of the HRCC s compensation philosophy, changes in laws and regulations, and the Company s financial goals. A description of the composition and procedures of the HRCC is set forth under Meetings of the Board and its Committees Human Resources and Compensation Committee and Corporate Governance HRCC and SGC Procedures in Proposal 1, Election of Directors, below.

**Compensation Philosophy and Objectives**

The Company believes that compensation for executive officers and other senior management should be determined according to a competitive framework, taking into account the financial performance of the Company, individual contributions, teamwork, divisional results and the external market in which the Company competes for executive talent. Such factors are critical to the continued development of the Company s operating segments, which in turn builds stockholder value. In determining the compensation of its executive officers, the Company seeks to achieve the following objectives through a combination of fixed and variable compensation.

*Pay Competitively*

A total compensation package should be competitive. Accordingly, the HRCC considers the executive compensation of a broad group of companies in the publishing, media and education industries. The companies used in the compensation peer group were selected based upon several criteria, including size of company by revenues, relevant industry and other factors. Information from this peer group is used to create a framework for executive compensation practices, in combination with Company-based factors, such as the Company s financial position and relevant corporate initiatives. For senior management, including the Company s Chief Executive Officer, the HRCC considers the level of compensation paid to individuals in comparable executive positions in the Company s peer group with which the Company competes in order to recruit and retain executive talent for corporate and operating unit positions and general compensation survey data for the relevant positions, as appropriate. The peer companies to which the Company has looked to gauge its competitiveness for these purposes have included but were not limited to the following: Amazon.com Inc., Career Education Corporation, Meredith Corporation, The McGraw-Hill Companies, Inc., Pearson plc., School Specialty Inc., E. W. Scripps Company, The Washington Post Company and John Wiley & Sons, Inc. The Company looks to the compensation practices of peer companies for a general frame of reference but does not formally benchmark its compensation against that of its peer companies.

*Pay for Performance*

The Company s compensation practices are designed to create a direct link between the aggregate compensation paid to each executive officer and the financial performance of the Company and, as applicable, the results of the specific business division for which an executive is responsible. In order to accomplish this, the HRCC considers the individual performance of each executive officer by reviewing, among other factors, the achievement of pre-established corporate, business unit and other performance objectives as well as the recommendations of the Chief Executive Officer. The amount of each component of an executive officer s compensation is based in part on the HRCC s assessment of that individual s performance as well as the other factors discussed in this section.

*Executives as Stockholders*

The Company s compensation practices are also designed to link a portion of each executive officer s compensation opportunity directly to the value of the Common Stock through the use of stock-based awards. The compensation for Mr. Robinson, who is the Chairman, Chief Executive Officer and President, and the controlling stockholder, of the Company, is based upon the same objectives and policies applicable to all senior management and is recommended by the HRCC and approved by the independent members of the Board.

*Elements of Compensation*

To accomplish its compensation objectives and philosophy, the HRCC relies on the following elements of compensation, each of which is discussed in more detail below:

- Salary
- Annual cash bonus awards
- Equity-based incentive compensation, in the form of stock options and restricted stock units

Each component of executive compensation is designed for a specific purpose. For example, salaries are the main component of cash-based annual compensation. Salaries are set to compensate each executive based on that executive s employment and salary history, position within the Company and comparable competitive salaries at other companies. With regard to the more variable components of the compensation package, annual bonuses are tied to the Company s short-term objectives, while equity-based compensation is directed towards successful results over a longer period. The purpose of the combination of salary, annual bonus and equity awards is to provide the appropriate level of total annual cash compensation and long term incentives, combined with an appropriate performance-based component. The HRCC believes that the Company s executive compensation package, consisting of these components, is comparable to the compensation provided in the market in which the Company competes for executive talent and is critical to accomplishing the Company s recruitment and retention aims.

**Components of Executive Compensation**

The following provides an analysis of each element of compensation, what each is designed to reward and why the HRCC chose to include it as an element of the Company s executive compensation.

*Base Salary*

Base salaries are reviewed annually in the context of the HRCC s consideration of the effect of base compensation on recruiting and retaining executive talent. In establishing each executive officer s base salary, the HRCC considers several factors, including individual job performance, salary history, competitive external market conditions for recruiting and retaining executive talent, the scope of the executive s position and level of experience, changes in responsibilities, responsibility for larger, more difficult to manage or more risky business ventures, such as new product development, or positions that require considerable creative talent or creative marketing capability, and the management of those providing such creative content or marketing.

Consistent with the Company s policy for all employees, salaries for executive officers and senior management, including the Named Executive Officers, are reviewed annually in September and increases, based on the compensation objectives discussed above, are generally effective on October 1 of each year. Of the Named Executive Officers, only Mr. Roome received a salary increase during fiscal 2008, which was an increase of 2.8% effective as of October 1, 2007. The HRCC determined that many members of senior management, including the Chief Executive Officer, Chief Financial Officer and certain of the Named Executive Officers, would not receive a base salary increase, but rather an increase to his or her bonus potential to bring the various components of the compensation closer in line with the industry and their peers.

*Annual Performance-Based Cash Bonus Awards*

The HRCC ties a significant portion of each Named Executive Officer s total potential compensation to Company performance and, in the case where the Named Executive Officer is responsible for an operating unit of the Company, business unit performance through the use of annual bonus awards. Individual performance goals were also used in respect of the fiscal year ended May 31, 2008. In setting financial and operating performance targets, which are established early in the fiscal year, the HRCC considers Company-wide strategic and operating plans and, where applicable, those of the executive s business unit. In each case, whether considering the Company as a whole or an executive s business unit, the HRCC considers the budget for the next fiscal year and sets specific incentive targets that are directly linked to the Company s or business unit s financial performance. As shown below, the objective of the annual bonus element of compensation has been to align the interest of senior management and the Named Executive Officers with the Company s financial, operating and strategic goals for the year and, other than in the case of the Chief Executive Officer, also to encourage and reward the achievement of individual goals in respect of fiscal 2008.

Potential bonus awards for executive officers, including the Named Executive Officers, are set and determined under the Company s Management Incentive Program ( MIP ) or under the Executive Performance Incentive Plan ( EPIP ), which is designed to be exempt from the application of Section 162(m) of the Internal Revenue Code of 1986 (the Code ) as discussed below under Regulatory Considerations . The Company retains the discretion to increase or decrease the total bonus paid to an executive (other than participants in the EPIP, including Mr. Robinson and Ms. O Connell, as to whom only discretion to decrease the total bonus is retained) by up to 100% of the achieved target and, upon the recommendation of the Chief Executive Officer, to reflect certain other Company objectives, such as revenue growth, expense management, strategic development, organizational effectiveness, demonstration of the achievement of certain cross-departmental company goals, and individual performance both recently and over the term of employment by the Company.

Bonus potentials for executive officers are set at percentages of their base salaries deemed appropriate for their current positions. For each of the Named Executive Officers, bonus potentials were set at 55% of base salary, except in the case of Mr. Robinson, whose bonus potential is 110% of base salary, and Ms. O Connell, whose bonus potential is set at 80% of base salary. Ms. O Connell s initial employment arrangement entered into in fiscal 2007 when she joined the Company provided for a bonus potential of 75% of base salary for fiscal 2008. Based on the scope of Ms. O Connell s duties and her performance, the HRCC increased this amount by 5% to 80%. Depending upon the achievement of the Company, business unit and individual goals discussed below, the potential bonus payout for each executive ranged from 0% to 150% of the target amount.

**Fiscal 2008 Targets**

On July 17, 2007, the HRCC set the fiscal 2008 annual bonus targets for executive officers and senior management, including the Named Executive Officers. For fiscal 2008, for the Company performance portion, these targets have been based upon earnings per share (EPS) and Free Cash Flow, and for the portion based on business unit performance, the targets were, in addition, based upon the profitability of the relevant business unit ( Division Operating Profit ). Free Cash Flow, as defined by the Company, consists of net cash provided by the Company s operating activities less spending for capital expenditures, pre-publication and pre-production costs. Consistent with prior years, the HRCC considered EPS and Free Cash Flow as two measures, among others, that are used by investors and analysts who follow the Company to evaluate the Company s annual performance. Thus, for executives with responsibility for the Company s overall operations and strategy the HRCC concluded that basing a significant component of their fiscal 2008 compensation on overall corporate parameters such as EPS and Free Cash Flow was appropriate. For business unit executives, such as Ms. Mayer, Ms. Newman, Mr. Roome and Ms. Forte, the HRCC concluded it was appropriate to link the annual bonus to the financial results of the executive s particular business unit and individual objectives as well as overall corporate parameters such as EPS and Free Cash Flow. Accordingly, for these Named Executive Officers, the financial targets were based 50% on the achievement of the Company s EPS and Free Cash Flow targets and 50% on the achievement of their respective Division Operating Profit targets and individual objectives.

Thus, for fiscal 2008, bonuses were calculated in the following manner:

- for Corporate Staff Groups, such as the Legal, Finance, and Human Resources departments, bonus was weighted 75% on the achievement of the Company s EPS (56.25%) and Free Cash Flow (18.75%) goals, 10% on the achievement of Department Budget and 15% on the achievement of other pre-established individual Management by Objective goals ( MBOs );
- for Business Groups, which includes the Company s operating business units, bonus was weighted 50% on the achievement of the Company s EPS (37.5%) and Free Cash Flow (12.5%) goals, 40% on the achievement of Division Operating Profit and 10% on the achievement of MBOs;
- For Ms. O Connell, the Company s Chief Administrative Officer and Chief Financial Officer, 75% of her bonus was dependent upon the achievement of the Company s EPS (56.25%) and Free Cash Flow (18.75%) goal and 25% on the achievement of MBOs, subject to a guaranteed minimum payment amount for fiscal 2008 of $150,000 under her initial employment arrangement; and
- For Mr. Robinson, the Company s Chief Executive Officer, 100% of his bonus was dependent upon the achievement of the Company s EPS (75%) and Free Cash Flow (25%) goals.

For fiscal 2008, the Company reported EPS from continuing operations of $2.82 per share and Free Cash Flow of $188.4 million. During fiscal 2008, as previously announced, the Company made the decision to divest its Direct to Home continuities business. As a consequence, the financial results of that business have been reported as discontinued operations for fiscal 2008 (please refer to Note 3 of Notes to Consolidated Financial Statements included in Item 8, Consolidated Financial Statements and Supplementary Data of the Company s Annual Report on Form 10-K for the fiscal year ended May 31, 2008 (the Annual Report )). Pursuant to its authority under the MIP and EPIP, the HRCC used the EPS from continuing operations for the purposes of the bonus calculations, while exercising its discretion to lower the overall bonuses paid to all employees after considering the results of the businesses included in discontinued operations. Mr. Robinson was paid a bonus of $610,088 and Ms. O Connell was paid a bonus of $378,625. The bonuses for Ms. Mayer, Ms. Newman, Mr. Roome and Ms. Forte each of whom is a Named Executive Officer listed in the Summary Compensation Table, as well as the Company s other members of senior management in charge of operating divisions, were also based in part upon the achievement of the goals for their respective divisions, as well as overall results for the Company and the achievement of their MBOs. The divisional goals were based upon Division Operating Profit of each business. Ms. Holton, also a Named Executive Officer for purposes of the Summary Compensation Table, did not receive a bonus or payout under the MIP or EPIP, as she was no longer employed by the Company as of the date required for her to be eligible for a bonus. Amounts paid to Named Executive Officers as bonuses for fiscal 2008 are shown in the Summary Compensation Table.

**Fiscal 2009 Targets**

The HRCC has reviewed the Company s financial results for fiscal 2008 and, upon the recommendation of management, has made certain changes in both the funding methodology and the targets for fiscal 2009, in order to provide the most appropriate management incentives for fiscal 2009 annual bonus awards. First, the HRCC has set targets that are based on the overall results for the Company as a threshold. These threshold targets, which are Free Cash Flow and Operating Income, must be met in order to trigger the funding of the bonus pool to be allocated. Free Cash Flow has been defined above, and Operating Income is defined by the Company as the Company s net revenues less total operating costs and expenses, as reported in the Company s audited financial statements. If the threshold levels are met and the bonus pool is funded in whole or in part, individual bonuses will be calculated (and paid from the bonus pool) in the following manner:

- For Corporate Staff Groups, bonus is weighted 100% on the achievement of the Company s Operating Income goal;
- For Business Group Executives, bonus is weighted 50% on the achievement of the Company s Operating Income goal and 50% on Division Operating Profit;
- For the Business Group Management, the bonus is weighted 35% on the achievement of the Company s Operating Income goal and 65% on Division Operating Profit;
- For the remaining Business Group participants, the bonus is weighted 20% on the achievement of the Company s Operating Income goal and 80% on Division Operating Profit;
- For Mr. Robinson, the Company s Chief Executive Officer, and for Ms. O Connell, the Company s Chief Administrative and Chief Financial Officer, the bonuses are weighted 100% on the achievement of the Company s Operating Income and Free Cash Flow goals (75% and 25%, respectively);
- While individual payouts may be adjusted pursuant to the MIP or EPIP as applicable, in no case will the sum of all individual payouts exceed the total of the funded corporate pool.

As indicated above, in setting the targets for individual bonuses for fiscal 2009 the HRCC made several changes from the previous year. First, for Corporate Staff and Business Groups, the HRCC changed the corporate metric for individual bonus targets from EPS and Free Cash Flow in fiscal 2008 to Operating Income in fiscal 2009. The HRCC believes that using Operating Income as the measure for the success of the Company as a whole more closely aligns with the Company s current strategic plan, including maximizing the Company s operating margins, and will be more meaningful to management at the divisional level. The HRCC also made a slight adjustment to the targets for the Company s Chief Executive Officer and Chief Administrative Officer and Chief Financial Officer to include both Operating Income and Free Cash Flow as the performance metrics to reflect these officers overall corporate responsibilities.

*Long-Term Incentive Compensation*

The Stock Grant Committee of the Board (the SGC ), which is comprised solely of independent directors as defined by NASDAQ rules, each of whom is also a member of the HRCC, determines the awards of long-term compensation through equity incentives (in the form of stock options and restricted stock units) granted to executive officers and senior management as well as other eligible employees. The HRCC believes that including an equity component in executive compensation closely aligns the interests of the executives and the Company s stockholders and rewards executives in line with stockholder gains. The practice of the SGC is to consider annual equity grants to key employees, including the Named Executive Officers and other executive officers and members of senior management, at its regularly scheduled meetings in either July or September. Equity grants at other times depend upon circumstances such as promotions or new hires.

Equity awards are made under the Scholastic Corporation 2001 Stock Incentive Plan (the 2001 Plan ), which provides for the grant of non-qualified stock options, incentive stock options, restricted stock and other stock-based awards. As a result of a review of its equity-based incentive award practices in fiscal 2005, the HRCC determined that it would be advisable to consider the award of restricted stock units in combination with stock options in appropriate cases. This determination reflected the desire to maintain a strong long term equity component in executive compensation, to reduce the number of equity units required to provide such component and to adjust compensation practices appropriately in light of the adoption by the Company of Statement of Financial Accounting Standards 123R ( FAS 123R ), which requires companies to recognize the compensation cost related to share-based payment transactions, like stock options, in their financial statements. Since the 2005 review, the Company has utilized, in part, grants of a combination of stock options and restricted stock units to qualified executives, including the Named Executive Officers. To date, only non-qualified stock options and restricted stock units have been granted under the 2001 Plan and the Company s current intention is to continue with that mix.

*Options to Purchase Common Stock and Restricted Stock Units*

Equity grants made during fiscal 2008 to executive officers and senior management, including the Named Executive Officers, were determined by the SGC based upon the compensation objectives of the HRCC, as discussed above, and informed by the evolving nature of executive compensation practices. In determining the size of the equity grants for the Named Executive Officers, the SGC made an evaluation of a number of factors, including: competitive market practices; the level of responsibility of the individual; the individual s job performance and ability to influence corporate results; the number of stock options and restricted stock units previously granted to that individual; and the cost to the Company under FAS 123R and the related effect of equity grants on earnings per share dilution. The SGC, in December 2007, granted Ms. O Connell 100,000 stock options as part of her initial employment arrangement. Also, the SGC, in May 2008, granted Ms. Newman 100,000 stock options as a catch-up based on comparisons with other executives of the Company and on the importance of the business for which she is responsible. During fiscal 2008, other equity grants were made using a ratio of two restricted stock units for every three stock options. This generally reflected the relationship between the value of restricted stock units, which is based on the market value of the underlying Common Stock, and the FAS 123R value of stock options (which is generally two or three to one), as well as the intent of delivering approximately the same economic value through the restricted stock unit component of the award as the stock option component.

Stock options produce value for executives and employees only if the Common Stock price increases over the exercise price, which is set at the market price of the Common Stock on the date of grant, calculated as the average of the high and low prices on the date of grant. The Company historically has calculated the exercise price of stock options by this method, which it believes gives a fair market value and eliminates price fluctuations during the day that the grant is made. Also, through vesting and forfeiture provisions, stock options create incentives for executive officers and senior management to remain with the Company. Stock options granted in fiscal 2008 to executive officers and senior management, including the Named Executive Officers, vest in 25% annual installments beginning on the first anniversary of the grant date, subject to minimum annual vesting of 1,000 shares, and expire after ten years.

Restricted stock units convert automatically into shares of Common Stock on a 1-to-1 basis upon vesting, unless otherwise deferred by the recipient. Twenty-five percent of the restricted stock units received by the Named Executive Officers and other members of senior management vest thirteen months after the date of grant and the remaining 75% vest in three equal installments annually thereafter on each anniversary of the date of grant. The additional month during the first vesting period facilitates compliance with applicable regulations of the Internal Revenue Service regarding deferred compensation in case the recipient elects to defer receipt of the underlying Common Stock.

The specific grants to the Named Executive Officers are set forth below in the Grants of Plan-Based Awards table, and information regarding the equity awards held by the Named Executive Officers as of the end of fiscal 2008 is set forth below in the Outstanding Equity Awards at May 31, 2008 table.

*Options to Purchase Class A Stock*

In July 2004, the HRCC concluded that Mr. Robinson s long-term incentive compensation opportunities had been significantly below those made available to the chief executive officers of other companies in the publishing and media industries reviewed by the HRCC. As a result of its review of this issue, taking into account Mr. Robinson s overall compensation, the HRCC adopted the Scholastic Corporation 2004 Class A Stock Incentive Plan (the Class A Plan ), which was designed to enable the HRCC and the SGC to grant options to Mr. Robinson to acquire Class A Stock ( Class A Options ) and was approved by the Class A Stockholders at the Company s annual meeting of stockholders held in September 2004. The HRCC concluded that the Class A Plan was in the best interests of the Company and its stockholders since options granted thereunder would, in its opinion, be a significant motivating factor for Mr. Robinson and would also reflect Mr. Robinson s stated intention to treat any long-term incentive compensation opportunities provided to him under the Class A Plan as a long-term investment in the Company. Mr. Robinson is the only eligible participant in the Class A Plan.

The exercise price of Class A Options is determined by reference to the market price of the Common Stock on the grant date. Based on advice from independent consultants retained by the HRCC, it was determined by the HRCC that the fair market value of a share of Class A Stock was identical to that of a share of Common Stock. All Class A Options granted to date to Mr. Robinson are part of a proposed long-term incentive compensation program for him to provide for a total of 1,500,000 Class A Options, both as a catch up in respect of the level of long-term incentive compensation opportunities provided Mr. Robinson in the past and as an ongoing program based on Mr. Robinson s continuing performance as the Chief Executive Officer of the Company. Mr. Robinson received a grant of 333,000 Class A Options in each of 2004, 2005 and 2006 and a grant of 250,000 Class A options in 2007. Subject to annual review by the HRCC to provide a recommendation to the SGC, he is eligible to receive a grant of 250,000 Class A Options in September 2008 to complete the program. These option grants vest in equal installments over a four year period commencing on the first anniversary of the grant and expire after ten years, which is identical to the Common Stock option grants described above for other executive officers. The grant made to Mr. Robinson in fiscal 2008 is set forth below in the Grants of Plan-Based Awards Table, and information regarding the equity awards held by Mr. Robinson as of the end of fiscal 2008 is set forth below in the Outstanding Equity Awards at May 31, 2008 table.

*Other Equity-Based Incentives*

In addition to its stock-based incentive plans, the Company also maintains the Scholastic Corporation Employee Stock Purchase Plan (as amended, the ESPP ) and the Scholastic Corporation Management Stock Purchase Plan (as amended, the MSPP ). The ESPP and the MSPP were designed to augment the Company s stock-based incentive programs by providing participating employees with equity opportunities intended to further align their interests with the Company and its stockholders. The purpose of the ESPP is to encourage broad-based employee stock ownership. The ESPP is offered to United States-based employees, including executive officers other than Mr. Robinson. The ESPP permits participating employees to purchase, through after-tax payroll deductions, Common Stock at a 15% discount from the closing price of the Common Stock on the last business day of each fiscal quarter.

Under the MSPP, which was adopted in 1999 in order to provide an additional incentive for senior executives to invest in the Common Stock through the use of their cash bonuses, eligible members of senior management may use their annual cash bonus payments on a tax-deferred basis to make equity investments in the Company at a discounted purchase price. With respect to fiscal 2008, senior management participants were permitted to defer receipt of all or a portion of their annual cash bonus payments, which will be used to acquire restricted stock units ( RSUs ) at a 25% discount from the lowest closing price of the underlying Common Stock during the fiscal quarter ending on August 31, 2008. The deferral period chosen by the participants may not be less than the three-year vesting period for the RSUs, which are converted into shares of Common Stock on a 1-to-1 basis upon expiration of the deferral period. During fiscal 2008, fifteen members of senior management had elected to participate in the MSPP. As a result of the award of bonuses to Mr. Robinson, Ms. O Connell, Ms. Mayer, Ms. Newman and Ms. Forte in respect of fiscal 2008, $610,088 (100% of bonus), $124,947 (33% of bonus), $20,759 (10% of bonus), $42,543 (20% of bonus) and $16,800 (8% of bonus), respectively, will be allocated by them to the purchase of RSUs under the MSPP on September 1, 2008. Mr. Roome did not elect to participate in the MSPP for fiscal 2008.

*Lisa Holton Severance Agreement*

On October 5, 2007, the Company entered into a severance agreement with Lisa Holton in connection with her resignation as Executive Vice President and President, Trade and Book Fairs (the Holton Agreement ). Under the Holton Agreement, Ms. Holton agreed to remain an employee through December 28, 2007, at her then-current monthly salary of $51,500, in order to provide consulting services. The Company also agreed to pay her, on December 28, 2007, a $309,000 lump-sum severance payment. In addition, the SGC approved the acceleration of the vesting of the 6,000 restricted stock units awarded to Ms. Holton on September 19, 2007, so that all such restricted stock units became immediately exercisable.

*Regulatory Considerations*

Section 162(m) of the Code generally denies a publicly traded company a Federal income tax deduction for compensation in excess of $1 million paid to certain of its executive officers, unless the amount of such excess is payable based solely upon the attainment of objective performance criteria. The Company has undertaken to qualify substantial components of the incentive compensation it makes available to its executive officers for the performance exception to non-deductibility. Most equity-based awards available for grant under the Company s equity compensation plans, and all of the equity-based awards actually granted to executive officers, are intended to so qualify. Amounts payable under the EPIP are also intended to be exempt from the application of Section 162(m) as performance-based compensation. However, in appropriate circumstances, the HRCC may deem it appropriate to pay compensation or make incentive or retentive awards that do not meet the performance based criteria and therefore may not be deductible by reason of Section 162(m).

**SUMMARY COMPENSATION TABLE**

The following table summarizes the total compensation earned by or paid to the Named Executive Officers for the fiscal years ended May 31, 2008 and May 31, 2007, as indicated below, including two persons who would have otherwise been included in the table had they remained executive officers at May 31, 2008.

| Name and Principal Position | Fiscal Year | Salary ($) | Bonus ($) | Stock Awards[1] ($) | Option Awards[2] ($) | Non-Equity Incentive Plan Compensation[3] ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings[4] ($) | All Other Compen-sation[5] ($) | T ($ |
|---|---|---|---|---|---|---|---|---|---|
| **Richard Robinson** | 2008 | $870,000 | $0 | $0 | $1,604,927 | $610,088 | $0 | $130,928 | $3 |
| Chairman of the Board, Chief Executive Officer and President | 2007 | $870,000 | $0 | $0 | $698,903 | $0 | $17,556 | $144,225 | $1 |
| **Maureen O Connell**[6] | 2008 | $650,000 | $0 | $37,920 | $499,910 | $378,625 | $0 | $9,340 | $1 |
| Executive Vice President, Chief Administrative Officer and Chief Financial Officer | 2007 | $225,000 | $67,500 | $0 | $65,396 | $0 | $0 | $5,050 | $3 |
| **Margery W. Mayer** | 2008 | $618,000 | $0 | $37,920 | $217,366 | $207,594 | $14,658 | $9,945 | $1 |
| Executive Vice President and President, Scholastic Education | 2007 | $611,769 | $0 | $0 | $82,628 | $100,000 | $11,903 | $10,621 | $8 |
| **Judith Newman** Executive Vice President and President, Scholastic Book Clubs | 2008 | $587,100 | $0 | $42,181 | $110,955 | $212,714 | $13,216 | $29,900 | $9 |
| **Hugh Roome** | 2008 | $544,808 | $0 | $82,746 | $41,787 | $179,509 | $19,991 | $18,361 | $8 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Executive Vice President and President, International | | | | | | | | | |
| **Deborah A. Forte**(7) | 2008 | $616,270 | $0 | $135,018 | $20,408 | $210,000 | $16,514 | $64,303 | $1 |
| Executive Vice President and President, Scholastic Media | 2007 | $616,270 | $0 | $126,967 | $14,163 | $110,000 | $15,774 | $40,537 | $9 |
| **Lisa Holton**(8) | 2008 | $261,346 | $0 | $279,841 | $0 | $0 | $0 | $440,389 | $9 |
| Former Executive Vice President and President, Book Fairs and Trade | 2007 | $611,769 | $0 | $74,949 | $0 | $94,091 | $4,952 | $4,018 | $7 |

(1) Represents the compensation cost under FAS 123R reflected in the Company s financial statements for fiscal 2008 or fiscal 2007, as applicable, for all restricted stock units held by the Named Executive Officers at May 31, 2008 and May 31, 2007, whether or not awarded in fiscal 2008 or fiscal 2007, which are expensed ratably over the vesting period. Assumptions used in determining the FAS 123R values can be found in Note 1 of Notes to Consolidated Financial Statements included in Item 8, Consolidated Financial Statements and Supplementary Data, in the Annual Report, disregarding estimates of forfeitures related to service-based vesting conditions. There were no forfeitures during fiscal 2008 or fiscal 2007 for the Named Executive Officers. For Ms. Holton, as part of the Holton Agreement in connection with her resignation as Executive Vice President, and President, Book Fairs and Trade, the HRCC ratified the acceleration of 6,000 restricted stock units.

(2) Represents the compensation cost of stock options under FAS 123R reflected in the Company s financial statements. Assumptions used in determining the FAS 123R values can be found in Note 1 of Notes to Consolidated Financial Statements included in Item 8, Consolidated Financial Statements and Supplementary Data in the Annual Report, disregarding estimates of forfeitures related to service-based vesting conditions. There were no forfeitures during fiscal 2008 or fiscal 2007 for the Named Executive Officers. All awards shown are options to purchase Common Stock, except that Mr. Robinson s award represents Class A Options.

(3) Represents the full amount of cash bonus actually awarded to the Named Executive Officer with regard to the fiscal year under the MIP or the EPIP, including any amounts deferred at such person s election and invested in RSUs under the MSPP. For fiscal 2008, Mr. Robinson, Ms. O Connell, Ms. Mayer, Ms. Newman and Ms. Forte had elected to invest 100%, 33%, 10%, 20% and 8%, respectively, of his or her fiscal 2008 bonus in RSUs, which will occur on September 1, 2008. Mr. Roome chose not to defer any portion of his 2008 bonus. For fiscal 2007, Mr. Roome and Ms. Forte had elected to invest 30%, and 25%, respectively, of his or her fiscal 2007 bonus awarded in RSUs, which occurred on September 4, 2007.

(4) Represents solely the Company contributions and the interest credits allocated to each Named Executive Officer under the Scholastic Corporation Cash Balance Plan, as discussed under Pension Plan below. Mr. Robinson is collecting benefits under the prior plan formula and since the interest rate used to determine present value rate of benefits is higher than the prior year s rate, the change to Mr. Robinson s pension value for fiscal 2008 was negative $35,223.

(5) All Other Compensation is further described in the table entitled Summary of All Other Compensation below.

(6) Ms. O Connell became Executive Vice President, Chief Administrative Officer and Chief Financial Officer on January 22, 2007. The amount shown in the Bonus column is the amount actually awarded to Ms. O Connell for fiscal 2007 pursuant to her employment agreement, as further discussed herein; however, because she had elected to defer 100% of any bonus awarded to her for fiscal 2007 under the MSPP, this amount was invested in the purchase of 2,874 RSUs on September 4, 2007.

(7) Ms. Forte ceased to be an executive officer in September 2007, but continues to serve as an officer of the Company.

(8) Ms. Holton resigned as Executive Vice President and President, Book Fairs and Trade on October 5, 2007, but remained an employee through December 28, 2007 as an Executive Consultant. In connection with her resignation, Ms. Holton and the Company entered into the Holton Agreement, as further described herein, pursuant to which, among other things, Ms. Holton was entitled to receive a severance payment of $309,000 in December 2007 and base salary payments of $51,500 per month during the period when she was an Executive Consultant.

**Summary of All Other Compensation**

| Fiscal Year 2008 Name | 401(k) Plan Matching Contributions ($) | Life Insurance Premiums ($) | RSU Cost[1] ($) | Perquisites[2] ($) | Severance Payments ($) | Tax Reimbursements ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| **Richard Robinson** | $ 6,950 | $ 270 | $46,320 | $ 77,388 | | | $130,928 |
| **Maureen O Connell** | $ 8,800 | $ 540 | $0 | $ 0 | | | $9,340 |
| **Margery W. Mayer** | $ 4,650 | $ 540 | $4,755 | $ 0 | | | $9,945 |
| **Judith Newman** | $ 6,784 | $ 540 | $6,307 | $ 16,269 | | | $29,900 |
| **Hugh Roome** | $ 6,281 | $ 540 | $11,540 | $ 0 | | | $18,361 |
| **Deborah A. Forte** | $ 6,950 | $ 540 | $9,833 | $ 21,522 | | $ 25,458 | $64,303 |
| **Lisa Holton** | $ 228 | $ 315 | $0 | $ 0 | $ 439,846 | | $440,389 |

(1) Represents the compensation cost under FAS 123R reflected in the Company s financial statements for RSUs under the MSPP, which are expensed ratably over the vesting period. Assumptions used in determining the FAS 123R values can be found in Note 8 of Notes to Consolidated Financial Statements, included in Item 8,

Consolidated Financial Statements and Supplementary Data in the Annual Report.

(2) For Mr. Robinson, $74,953 of the amount shown represents a portion of the compensation of certain employees who perform administrative services for Mr. Robinson personally from time to time, based on the proportion of the time estimated by Mr. Robinson to be dedicated to such services, and the remainder represents club membership dues used partially for personal use. For Ms. Newman and Ms. Forte, the amount represents payments made by the Company for personal use of a company-provided automobile, based on information provided by each of them.

**GRANTS OF PLAN-BASED AWARDS**

The following table provides information on cash bonus, stock options and restricted stock units granted in fiscal 2008 to each of the Named Executive Officers.

| Name | Grant Date | Estimated Possible Payouts, Under Non-Equity Incentive Plan Awards(1) Threshold ($) | Target ($) | Maximum ($) | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards(2) ($/Sh) | Closing Market Price on Grant Date ($/Sh) | Grant Date Fair Value of Stock and Option Awards(3) ($) |
|---|---|---|---|---|---|---|---|---|---|
| **Richard Robinson** | | $334,950 | $957,000 | $1,435,500 | | | | | |
| | 9/19/2007 | | | | | 250,000 (4) | $ 36.21 | $35.54 | $3,075,454 |
| **Maureen O Connell** | | $182,000 | $520,000 | $780,000 | | | | | |
| | 9/19/2007 | | | | | 9,000 | $ 36.21 | $35.54 | $113,571 |
| | 9/19/2007 | | | | 6,000 (5) | | | $35.54 | $217,260 |
| | 12/11/2007 | | | | | 100,000 | $ 34.84 | $34.36 | $1,150,638 |
| **Margery W. Mayer** | | $118,965 | $339,900 | $509,850 | | | | | |
| | 7/17/2007 | | | | | 33,000 | $ 35.38 | $35.52 | $427,136 |
| | 9/19/2007 | | | | | 9,000 | $ 36.21 | $35.54 | $113,571 |
| | 9/19/2007 | | | | 6,000 (5) | | | $35.54 | $217,260 |
| **Judith Newman** | | $113,017 | $322,905 | $484,358 | | | | | |
| | 7/17/2007 | | | | | 20,000 | $ 35.38 | $35.52 | $258,870 |
| | 9/19/2007 | | | | | 9,000 | $ 36.21 | $35.54 | $113,571 |
| | 9/19/2007 | | | | 6,000 (5) | | | $35.54 | $217,260 |
| | 5/20/2008 | | | | | 100,000 | $ 29.81 | $29.80 | $1,010,698 |
| **Hugh Roome** | | $105,875 | $302,500 | $453,750 | | | | | |
| | 9/19/2007 | | | | | 9,000 | $ 36.21 | $35.54 | $113,571 |
| | 9/19/2007 | | | | 6,000 (5) | | | $35.54 | $217,260 |
| **Deborah A. Forte** | | $118,632 | $338,948 | $508,422 | | | | | |
| **Lisa Holton** | | | | | | | | | |
| | 9/19/2007 | | | | | 9,000 | $ 36.21 | $35.54 | $113,571 |
| | 9/19/2007 | | | | 6,000 (5) | | | $35.54 | $217,260 |

(1) Represents the potential amounts of cash bonus that could have been received for fiscal 2008 under the EPIP or the MIP.

(2) The exercise price for all options, including Class A Options, is equal to the average of the high and low Common Stock price as reported on NASDAQ on the respective grant dates.

(3) This column shows the fair values of restricted stock units and stock options as of the grant date computed in

accordance with FAS 123R.

(4) Represents a grant of Class A Options. The CD&A discusses the ongoing long-term incentive compensation program for Mr. Robinson pursuant to which the Class A Options were granted.

(5) Represents restricted stock units that vest in 25% increments on October 19, 2008, September 19, 2009, September 19, 2010 and September 19, 2011, with the exception of Ms. Holton s grant, which was accelerated as part of the Holton Agreement.

**OUTSTANDING EQUITY AWARDS AT MAY 31, 2008**

The following table sets forth certain information with regard to all unexercised options and all unvested restricted stock units held by the Named Executive Officers at May 31, 2008.

| | | Option Awards | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| **Name** | **Grant Date** | **Number of Securities Underlying Unexercised Options (#) Exercisable** | **Number of Securities Underlying Unexercised Options[(1)] (#) Unexercisable** | **Option Exercise Price ($)** | **Option Expiration Date** | **Number of Shares or Units of Stock That Have Not Vested[(2)] (#)** | **Market Value of Shares or Units of Stock That Have Not Vested[(2)] ($)** |
| **Richard Robinson** | 7/20/1999 | 250,000 | | $25.69 | 7/21/2009 | | |
| | 7/18/2000 | 250,000 | | $31.565 | 7/19/2010 | | |