SCHOLASTIC CORP
Form DEF 14A
August 07, 2012

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 19, 2012, 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. Approval of the Amended and Restated Scholastic Corporation 2007 Outside Directors Stock Incentive Plan

Matters to be voted upon by holders of the Common Stock

1. Electing three 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 July 27, 2012 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

Andrew S. Hedden
Secretary
August 7, 2012

TABLE OF CONTENTS

Important Notice Regarding Availability of Proxy Materials for the 2012 Annual Meeting of Stockholders to Be Held on September 19, 2012

This Proxy Statement and the Annual Report to Stockholders are available at www.proxyvote.com

SCHOLASTIC CORPORATION

557 Broadway
New York, New York 10012-3999

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS
September 19, 2012

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 19, 2012, and at any adjournments thereof.

The Company has made available to you over the Internet or delivered paper copies of this proxy statement, a proxy card and the Annual Report to Stockholders (of which the Company s 2012 Annual Report on Form 10-K is a part) in connection with the Annual Meeting. The Company is using the rules of the Securities and Exchange Commission (SEC) that allow companies to furnish their proxy materials over the Internet. As a result, the Company is mailing to many of its stockholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet, as well as to request a paper copy by mail, by following the instructions in the notice. In addition, the notice contains instructions for electing to receive proxy materials over the Internet or by mail in future years.

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, 2012 (the Annual Report), are being mailed to those stockholders who are not receiving the notice concerning Internet availability on or about August 7, 2012.

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 Andrew S. Hedden, Corporate Secretary, Scholastic Corporation, 557 Broadway, New York, New York 10012-3999.

If you are a Common Stockholder of record submitting a proxy, and no instructions are specified, your shares will be voted FOR the election of the directors.

If you are a Common Stockholder and you hold your shares beneficially through a broker, bank or other holder of record submitting a proxy, and no instructions are specified, your shares will NOT be voted FOR the election of the directors.

If you are a Class A Stockholder submitting a proxy, and no instructions are specified, your shares will be voted FOR the election of the directors and FOR the approval of the Amended and Restated Scholastic Corporation 2007 Outside Directors Stock Incentive Plan.

By submitting a proxy, you authorize the persons named as proxies to use their discretion in voting upon any other matter brought before the Annual Meeting. The Company does not know of any other business to be considered at the Annual Meeting.

SEC rules permit the Company to deliver only one copy of the proxy statement or the notice of Internet availability of the proxy statement to multiple stockholders of record who share the same address and have the same last name, unless the Company has received contrary instructions from one or more of such stockholders. This delivery method, called householding, reduces the Company s printing and mailing costs. Stockholders who participate in householding will continue to receive or have Internet access to separate proxy cards.

If you are a stockholder of record and wish to receive a separate copy of the proxy statement, now or in the future, at the same address, or you are currently receiving multiple copies of the proxy statement at the same address and wish to receive a single copy, please write to or call the Corporate Secretary, Scholastic Corporation, 557 Broadway, New York, NY 10012, telephone: (212) 343-6100.

Beneficial owners sharing an address who are currently receiving multiple copies of the proxy materials or notice of Internet availability of the proxy materials and wish to receive a single copy in the future, or who currently receive a single copy and wish to receive separate copies in the future, should contact their bank, broker or other holder of record to request that only a single copy or separate copies, as the case may be, be delivered to all stockholders at the shared address in the future.

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 July 27, 2012 (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 29,886,627 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 the Class A Stock (the Class A Stockholders), voting as a class, have the right to: (i) fix the size of the Board so long as it does not consist of less than three nor more than 15 directors; (ii) 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) exercise, exclusive of the holders of 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 Common Stock will vote on the election of three members of the Board. The other proposal 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 only. 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 the election of directors and in respect of the action to be taken under the other 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 Common Stockholders is the election of three 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 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. In computing the number of shares and percentage beneficially owned by any stockholder, shares of Class A Stock or Common Stock subject to options or restricted stock units (RSUs) held by that person that are currently exercisable or vested or become exercisable or vested within 60 days of the Record Date are included. Such shares, however, are not deemed outstanding for purposes of computing the percentage owned by any other person.

	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 c/o Scholastic Corporation 557 Broadway New York, NY 10012	3,155,200	100%	6,197,721(3)	18.6%
Barbara Robinson Buckland c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	39.2%	2,498,712	8.2%
Mary Sue Robinson Morrill c/o Scholastic Corporation 557 Broadway New York, NY 10012	765,296	46.2%	3,233,628(4)	10.6%
William W. Robinson c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	39.2%	2,597,765(5)	8.5%
Florence Robinson Ford c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	39.2%	2,492,457	8.2%

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
Andrew S. Hedden c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	39.2%	2,396,601(6)	7.8%
Trust under the Will of Maurice R. Robinson c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	39.2%	2,331,712	7.7%
Trust under the Will of Florence L. Robinson c/o Scholastic Corporation 557 Broadway New York, NY 10012	116,676	7.0%	466,676	1.6%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202			2,576,685(7)	8.7%
Blackrock, Inc. 40 East 52nd Street New York, NY 10022			2,016,467(8)	6.8%
LSV Asset Management 155 N. Wacker Drive, Suite 4600 Chicago, IL 60606			1,696,939(9)	5.7%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746			2,769,212(10)	9.3%

(1) Each of Richard Robinson, Barbara Robinson Buckland, Mary Sue Robinson Morrill, William W. Robinson, Florence Robinson Ford, Andrew S. Hedden and the Trust under the Will of Maurice R. Robinson (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, 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 and executive officer of the Company, are trustees of 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 on the Record Date by the following persons was: Richard Robinson 2,389,904 shares (sole voting and investment power), which includes 1,499,000 shares issuable under options to purchase Class A Stock (Class A Options) exercisable by Mr. Robinson within 60 days of the Record Date, 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); Andrew S. Hedden 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 1,499,000 shares issuable under Class A Options exercisable within 60 days of the Record Date, 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 on the Record Date by the following holders was: Richard Robinson 3,399,333 shares (sole voting and investment power), which includes the 1,499,000 shares under Class A Options exercisable within 60 days of the Record Date held by Mr. Robinson, and 2,798,388 shares (shared voting and investment power); Barbara Robinson Buckland 167,000 shares (sole voting and investment power) and 2,331,712 shares (shared voting and investment power); Mary Sue Robinson Morrill 3,233,628 shares (shared voting and investment power); William W. Robinson 205,045 shares (sole voting and investment power) and 2,392,720 shares (shared voting and investment power); Florence Robinson Ford 160,745 shares (sole voting and investment power) and 2,331,712 shares (shared voting and investment power); Andrew S. Hedden 64,889 shares (sole voting and investment power) and 2,331,712 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).

(3) Includes 3,155,200 shares of Common Stock issuable on conversion of the Class A Stock (including the 1,499,000 shares issuable under the Class A Options) described in Notes 1 and 2 above; 624,506 shares of Common Stock held directly by Mr. Robinson; 312,500 shares of Common Stock under options exercisable by Mr. Robinson within 60 days of the Record Date, including 187,500 options that are in a grantor retained annuity trust for the benefit of Mr. Robinson; 8,734 shares of Common Stock with respect to which Mr. Robinson had voting rights on the Record Date 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; 24,406 shares of Common Stock for which Mr. Robinson is custodian under a separate custodial account for his sons; 28,191 shares of Common Stock owned by the Richard Robinson Charitable Fund and 11,092 unvested RSUs scheduled to vest within 60 days of the Record Date held under the Management Stock Purchase Plan (the MSPP). Does not include 90,562 unvested RSUs held under the MSPP. The 624,506 shares held directly by Mr. Robinson are pledged to a bank as collateral for a personal loan.

(4) Does not include an aggregate of 215,666 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 16,550 shares of Common Stock held under trusts for which Mr. Robinson s spouse is a trustee and 64,728 shares held directly by his spouse, as to which Mr. Robinson disclaims beneficial ownership.

(6) Includes 8,639 shares of Common Stock held directly by Mr. Hedden; 55,000 shares under options exercisable by Mr. Hedden within 60 days of the Record Date held under the Scholastic Corporation 2001 Stock Incentive Plan (the 2001 Plan); 1,250 RSUs scheduled to vest within 60 days of the Record Date held under the 2001 Plan; 648,620 shares of Common Stock issuable on conversion of the Class A Stock owned by the Maurice Robinson Trust; and 1,683,092 shares of Common Stock owned by the Maurice R. Robinson Trust. Does not include 4,250 unvested RSUs held under the 2001 Plan, 7,452 unvested RSUs held under the Scholastic Corporation 2011 Stock Incentive Plan (the 2011 Plan), or 22,808 unvested RSUs held under the MSPP.

(7) The information for T. Rowe Price Associates, Inc. (Price Associates) is derived from a Schedule 13G, dated February 14, 2012, filed with the SEC reporting beneficial ownership as of December 31, 2011. 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 288,340 of such shares. For purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), 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.

(8) The information for Blackrock, Inc. (Blackrock) is derived from a Schedule 13G, dated January 20, 2012, filed with the SEC reporting beneficial ownership as of December 31, 2011. Blackrock has the sole power to vote or direct investments with regard to all such shares. Accordingly, for purposes of the reporting requirements of the Exchange Act, Blackrock is deemed to be a beneficial owner of these shares. Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds of the sale of, these shares.

(9) The information for LSV Asset Management (LSV), an investment advisor, is derived from a Schedule 13G, dated February 2, 2012, filed with the SEC reporting beneficial ownership as of December 31, 2011. For purposes of the reporting requirements of the Exchange Act, LSV is deemed to be a beneficial owner of these shares.

(10) The information for Dimensional Fund Advisors LP (Dimensional Fund) is derived from a Schedule 13G, dated February 11, 2012, filed with the SEC reporting beneficial ownership as of December 31, 2011. 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). In certain cases, subsidiaries of Dimensional Fund may act as an advisor or subadvisor to certain funds. The Funds own these shares, and in its role as investment advisor, subadvisor and/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 Exchange Act, Dimensional Fund is deemed to be a beneficial owner of these 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 will 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 will 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 will 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 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, 2012, the Company believes all of 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 set forth in the table below. In computing the number of shares and percentage beneficially owned by any stockholder, shares of Class A or Common Stock subject to options or restricted stock units (RSUs) held by that person that are currently exercisable or vested or will become exercisable or vested within 60 days of the Record Date are included. Such shares, however, are not deemed outstanding for purposes of computing the percentage owned by any other person.

	Class A Stock		Common Stock	
Name	Amount and Nature of Beneficial Ownership (1)	Percent of Class	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Directors				
Richard Robinson	3,155,200(2)	100%	6,197,721(3)	18.6%
James W. Barge			21,000(4)	*
Marianne Caponnetto			8,400(5)	*
John L. Davies			51,000(6)	*
Andrew S. Hedden	648,620(2)	39.2%	2,396,601(7)	7.8%
Mae C. Jemison			43,604(8)	*
Peter M. Mayer			65,250(9)	*
John G. McDonald			52,004(10)	*
Augustus K. Oliver			56,274(11)	*
Richard M. Spaulding			158,358(12)	*
Margaret A. Williams			8,400(5)	*
Named Executive Officers				
Richard Robinson	3,155,200(2)	100%	6,197,721(3)	18.6%
Maureen O Connell			275,683(13)	1.0%
Margery Mayer			202,050(14)	*
Judith Newman			139,420(15)	*
Andrew S. Hedden	648,620(2)	39.2%	2,396,601(7)	7.8%
All directors and executive officers as a group (16 persons)	3,155,200(2)	100%	7,435,008(16)	21.7%

8

* 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 and Andrew S. Hedden 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 4,800 shares of Common Stock held directly by Mr. Barge, 15,000 shares of Common Stock under options exercisable by Mr. Barge within 60 days of the Record Date and 1,200 shares underlying RSUs scheduled to vest within 60 days of the Record Date under the Scholastic Corporation 2007 Outside Directors Stock Incentive Plan (the 2007 Plan).

(5) Includes 1,200 shares held directly by such director, 6,000 shares of Common Stock under options exercisable by such director within 60 days and 1,200 shares underlying RSUs scheduled to vest within 60 days of the Record Date under the 2007 Plan.

(6) Includes 4,800 shares of Common Stock held directly by Mr. Davies, 45,000 shares of Common Stock under options exercisable by Mr. Davies within 60 days of the Record Date and 1,200 shares underlying RSUs scheduled to vest within 60 days of the Record Date under the 2007 Plan.

(7) See the information with respect to Andrew S. Hedden under Principal Holders of Class A Stock and Common Stock above.

(8) Includes 3,404 shares of Common Stock held directly by Dr. Jemison, 39,000 shares of Common Stock under options exercisable by Dr. Jemison within 60 days of the Record Date and 1,200 RSUs scheduled to vest within 60 days of the Record Date under the 2007 Plan.

(9) Includes 19,050 shares of Common Stock held directly by Mr. Mayer, 45,000 shares under options exercisable by Mr. Mayer within 60 days of the Record Date and 1,200 RSUs scheduled to vest within 60 days of the Record Date under the 2007 Plan.

(10) Includes 5,804 shares of Common Stock held directly by Mr. McDonald, 45,000 shares under options exercisable by Mr. McDonald within 60 days of the Record Date and 1,200 RSUs scheduled to vest within 60 days of the Record Date under the 2007 Plan.

(11) Includes 10,074 shares of Common Stock held directly by Mr. Oliver, 45,000 shares of Common Stock under options exercisable by Mr. Oliver within 60 days of the Record Date and 1,200 RSUs scheduled to vest within 60 days of the Record Date under the 2007 Plan

(12) Includes 142,158 shares of Common Stock held directly by Mr. Spaulding, 15,000 shares under options exercisable by Mr. Spaulding within 60 days of the Record Date and 1,200 RSUs scheduled to vest within 60 days of the Record Date under the 2007 Plan.

(13) Includes 23,217 shares of Common Stock held directly by Ms. O Connell, 25 shares of Common Stock owned by Ms. O Connell s minor son, 246,250 shares of Common Stock under options exercisable by Ms. O Connell within 60 days of the Record Date, 3,000 RSUs scheduled to vest within 60 days of the Record Date under the 2001 Plan and 3,191 RSUs vested or scheduled to vest within 60 days of the Record Date held under the Scholastic Corporation Management Stock Purchase Plan (MSPP). Does not include 12,811 unvested RSUs held under the MSPP, 27,222 unvested RSUs held under the 2001 Plan and 13,840 unvested RSUs held under the 2011 Plan.

(14) Includes 34,954 shares of Common Stock held directly by Ms. Mayer, 158,750 shares under options exercisable by Ms. Mayer within 60 days of the Record Date, 2,000 RSUs scheduled to vest within 60 days of the Record Date under the 2001 Plan and 6,346 RSUs vested or scheduled to vest within 60 days of the Record Date held under the MSPP. Does not include 1,679 unvested RSUs held under the MSPP, 7,000 unvested RSUs held under the 2001 Plan and 7,452 unvested RSUs held under the 2011 Plan.

(15) Includes 16,747 shares of Common Stock held directly by Ms. Newman, 108,800 shares under options exercisable by Ms. Newman within 60 days of the Record Date, 9,700 shares underlying RSUs scheduled to vest within 60 days of the Record Date under the 2001 Plan and 4,173 RSUs vested or scheduled to vest within 60 days of the Record Date held under the MSPP. Does not include 399 unvested RSUs held under the MSPP, 7,000 unvested RSUs held under the 2001 Plan and 7,452 unvested RSUs held under the 2011 Plan.

(16) Includes 3,155,200 shares of Common Stock issuable on conversion of the Class A Stock (including the 1,499,000 shares issuable under the Class A Options) described in Notes 1 and 2 on page 4; 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; 18,894 shares of Common Stock for which Mr. Robinson is custodian under a separate custodial account for one of his sons; 5,512 shares of Common Stock owned directly by Mr. Robinson s sons; and 28,191 shares owned by the Richard Robinson Charitable Fund. Also includes an aggregate of 908,438 shares of Common Stock held directly and 25 shares beneficially owned by all directors and executive officers as a group; an aggregate of 1,220,220 shares of Common Stock under options exercisable by members of the group within 60 days of the Record Date; an aggregate of 25,440 shares underlying RSUs vested or scheduled to vest within 60 days of the Record Date held under the MSPP; an aggregate of 11,996 shares of Common Stock with respect to which members of the group had voting rights as of the Record Date under the 401(k) Plan; and an aggregate of 28,000 shares underlying RSUs scheduled to vest within 60 days of the Record Date held under the 2001 Plan. Does not include an aggregate of 128,017 unvested RSUs held under the MSPP, an aggregate of 30,410 unvested RSUs held under the 2001 Plan and an aggregate of 43,648 unvested RSUs held under the 2011 Plan.

Compensation Committee Interlocks and Insider Participation

No member of the Human Resources and Compensation Committee (the HRCC) was at any time during fiscal 2012 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 an executive officer of the Company 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, 2012.

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
Marianne Caponnetto
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 Human Resources & Compensation Committee (HRCC), which is composed solely of independent directors as defined by NASDAQ rules. The Company s overall objective is to maintain a compensation system that fosters the short-term and long-term goals of the Company and its stockholders.

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 position and financial performance. They have been developed with the assistance of the Human Resources Department, as well as independent executive compensation consultants. 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 Procedures in Matters Submitted to Stockholders Proposal 1: Election of Directors, below.

The HRCC regularly reviews the Company s compensation programs and considers appropriate methods to tie the executive compensation program to performance and to further strengthen management s alignment with stockholders.

Compensation Philosophy and Objectives

Pay Competitively	The Company s goal is to provide a competitive framework, taking into account the financial position and performance of the Company, individual contributions, teamwork, divisional contributions and the external market in which the Company competes for executive talent. The Company, through competitive compensation policies, strives to foster the continued development of the Company s operating segments, which in turn builds stockholder value. In determining the compensation of its Named Executive Officers, the Company seeks to achieve its compensation objectives through a combination of fixed and variable compensation. The Company reviews the executive compensation of a broad group of companies in the publishing, media and education industries for comparative purposes. The companies included in the compensation peer group are selected based upon several criteria, including size of company by revenues, relevant industry and other factors.
Pay for Performance	The Company s compensation practices are designed to create a direct link between the aggregate compensation paid to each Named Executive Officer and the overall financial performance of the Company. As applicable to business unit executives, the performance of a specific business unit for which an executive is responsible may also be used to create a link between the achievement of divisional financial goals and the overall financial performance of the Company.
Executives as Stockholders	The Company s compensation practices are also designed to link a portion of each Named Executive Officer s compensation opportunity directly to the value of the Common Stock through the use of stock-based awards, including stock options and restricted stock units.

Peer Group Analysis

The Company reviews the compensation practices of selected peer companies to use as a general frame of reference, but it does not formally benchmark its compensation against that of such peer companies. 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: Barnes & Noble Inc., Career Education Corporation, Meredith Corporation, The McGraw-Hill Companies, Inc., Pearson plc, Reed Elsevier plc, School Specialty Inc., E. W. Scripps Company, The Washington Post Company and John Wiley & Sons, Inc. Additionally, in analyzing its executive compensation, from time to time the Company reviews general industry compensation surveys, provided by consulting firms, as well as more focused surveys covering a broad base of media companies.

Components of Executive Compensation

The following table provides a brief overview of each of the elements of compensation. A more detailed description of each compensation element follows this table.

Compensation Element	Objective	Key Features
Fixed		
Base Salary	To establish a fixed level of compensation principally tied to day-to-day responsibilities	Base salary is determined taking into account several factors, including individual job performance, salary history, internal equity, 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 complex initiatives, such as new product development, or positions that require considerable creative talent, creative marketing capability or digital skills, or the management of those providing such creative content, marketing and digital expertise.
Variable		
Annual Performance-Based Cash Bonus Awards	To provide a reward based upon the achievement of the Company s financial, operating and strategic goals established for the year	Through the use of annual bonus awards, the HRCC ties a significant portion of each Named Executive Officer s total potential compensation to Company performance which, in the case where the executive officer is responsible for an operating unit of the Company, may also include business unit or segment performance.
Long-Term Incentive Compensation	To align the long-term interests of the executives and the Company s stockholders	Stock options, which typically vest ratably over four years, producing value for executives and employees only if the Common Stock price increases over the exercise price. Restricted stock units, which convert automatically into shares of Common Stock on a 1-to-1 basis upon vesting, generally over a four year period, serving as a retention tool as well as increasing stock ownership.
Other Equity-Based Incentives and Benefit Plans	To attract and retain highly qualified executives	The Company s executives participate in the 401(k) Plan on the same terms as all employees. The ESPP provides a method for all employees, including executives, to purchase Common Stock at a 15% discount. The MSPP permits senior management to defer receipt of all or a portion of their annual cash bonus payments in order to acquire restricted stock units at a 25% discount.

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, including those of the Named Executive Officers, the HRCC considers several factors, including individual job performance, salary history, internal equity, 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 complex initiatives, such as new product development, or positions that require considerable creative talent, creative marketing capability or digital skills or the management of those providing such creative content, marketing and digital expertise. In considering annual base salary increases, Company financial performance is also taken into consideration.

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 either July or September and any increases, based on the compensation objectives discussed above, are generally effective on October 1 of each year. In 2011, the Company conducted a review of market comparisons with a focus on digital positions in the context of the Company s digital initiatives. This review also included a comparison of internal business unit size. This comprehensive review resulted in a recommendation to group executives into tiers based on comparable responsibilities and to bring pay into closer alignment within each tier. For fiscal 2012, increases to base salary were made for the Named Executive Officers, based in part on the market and internal analysis referred to above. Mr. Robinson received an increase of 11%, Ms. O Connell received an increase of 7%, Mr. Hedden received an increase of 14%, Ms. Mayer received an increase of 8% and Ms. Newman received an increase of 6%.

For fiscal 2013, the annual salary review, including any salary recommendations for the Named Executive Officers, will be conducted and considered by the HRCC at its September 2012 meeting.

Annual Performance-Based Cash Bonus Awards

The HRCC ties a meaningful portion of each Named Executive Officer s total potential compensation to Company performance, which, in the case where the Named Executive Officer is responsible for an operating unit of the Company, may also include business unit or segment performance, through the use of annual cash bonus awards. 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 or segment. In each case, whether considering the Company as a whole or an executive s business unit or segment, 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 or segment s financial performance. The continued focus of the annual bonus element of compensation has been to align the interests of senior management, including the Named Executive Officers, with the Company s financial, operating and strategic goals for the year, and in the case of fiscal 2012, to primarily encourage and reward the achievement of Company-wide goals. In the context of the Company s key financial and operating goals for fiscal 2013, the emphasis for the annual bonus awards will continue to be focused on overall Company performance as further described below under MIP/EPIP Revisions and Fiscal 2013 Targets.

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. Under the MIP and EPIP, the Company retains the discretion to increase or decrease the total bonus paid to an executive (other than to participants in the EPIP, including the Named Executive Officers, as to whom only discretion to decrease the total bonus is retained) by up to 100% of the achieved target. Upon the recommendation of the Chief Executive Officer, made at the time annual fiscal year targets are established, targets may also be established to reflect certain other Company objectives, such as revenue growth, expense management, strategic development, organizational effectiveness or demonstration of the achievement of certain cross-departmental company or specific individual goals.

Fiscal 2012 Targets

On July 19, 2011, the HRCC set the fiscal 2012 annual MIP and EPIP bonus targets for executive officers and senior management, including the Named Executive Officers, based on Company-wide goals, focusing on the objective of meeting the Company s fiscal 2012 operating plan, in particular the Operating Income target. The MIP and EPIP provided for a corporate bonus pool to be funded based upon the achievement of the Corporate Operating Income target, and, in the case of the EPIP, the bonuses for all of the Named Executive Officers under the EPIP were to be solely based on achievement of that corporate metric up to the maximum bonus opportunity. Corporate Operating Income was defined for this purpose as the Company s net revenues less total operating costs and expenses from continuing operations as reported in the Company s audited financial statements, excluding one-time charges. Discontinued operations are not included for this purpose. In the event that the Corporate Operating Income target is achieved, Named Executive Officers are able to earn between 100% and 150% of target based on corporate or business unit or segment operating profit, as relevant to the particular Named Executive Officer.

Bonus Potentials and Payouts for Fiscal 2012

For each of the Named Executive Officers, individual MIP or EPIP bonus potentials for fiscal 2012 were dependent upon the achievement of Company or business unit or segment targets as indicated in the table below, with the potential bonus payout for each executive ranging from 0% to 150% of the target bonus amount.

Funding Metrics	**Corporate Operating Income less than or equal to target**		**Corporate Operating Income greater than target**		
				Group/Division Operating Profit	
Participants	**Corporate Operating Income**	**Division Operating Profit**	**Corporate Operating Income**	**Group**	**Division Operating Profit Relative Contributions**
Named Executive Officers (Children s Book Group)	100%	0%	0%	**60% (Overall Children s Book Group Operating Profit)**	40%
Named Executive Officers (Business)	100%				