

SCHOLASTIC CORP  
Form PRE 14A  
August 08, 2006

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

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))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

SCHOLASTIC CORPORATION

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- 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:

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2) Aggregate number of securities to which transaction applies:

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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):

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

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Fee paid previously with preliminary materials:

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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:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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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 20, 2006, 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 Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Class A Stock of the Company.
3. Approving an amendment to the Scholastic Corporation 2004 Class A Stock Incentive Plan.

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

1. Electing two directors to the Board of Directors.

In addition to the foregoing purposes, such other business may be transacted 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 26, 2006 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: (i) via the Internet at the website indicated on your proxy card; (ii) via telephone by calling the toll free number on your proxy card; or (iii) by returning the enclosed proxy card.**

By order of the Board of Directors

Paul Marcotrigiano  
Secretary  
August 21, 2006

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**SCHOLASTIC CORPORATION**

**557 Broadway  
New York, New York 10012-3999**

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**PROXY STATEMENT**

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**ANNUAL MEETING OF STOCKHOLDERS**

**September 20, 2006**

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**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 20, 2006, 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 proxies unless revoked. A stockholder may revoke a proxy at any time before it is exercised by: (i) filing with the Secretary of the Company a written revocation thereof or a duly executed proxy bearing a later date, (ii) providing subsequent telephone or internet voting instructions or (iii) voting in person at the Annual Meeting. Any written notice revoking a proxy should be sent to the attention of Paul Marcotrigiano, Secretary, Scholastic Corporation, 557 Broadway, New York, New York 10012-3999. If no instructions are specified, your shares will be voted: (i) FOR the election of the directors indicated; (ii) in the case of the Class A stockholders, FOR the approval of Proposals 2 and 3; and (iii) in the discretion of the proxy holders, if any other matter properly comes before the Annual Meeting.

This proxy statement and the accompanying form of proxy, together with the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2006, are being mailed to stockholders on or about August 21, 2006.

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 26, 2006 (the "Record Date") are entitled to vote at the Annual Meeting. As of the Record Date, there were outstanding 1,656,200 shares of Class A Stock and 40,355,315 shares of Common Stock.

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, 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 holders of the Class A Stock 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 holders of the Class A Stock. If any other matters were to properly come before the Annual Meeting, they would be voted on by the holders of the Class A Stock.

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 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.

Name and Address of Beneficial Owner	Class A Stock		Common Stock	
	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	2,322,200	100%	6,788,447 <sup>(3)</sup>	15.6%
Barbara Robinson Buckland c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	27.9%	2,504,212	6.1%
Mary Sue Robinson Morrill c/o Scholastic Corporation 557 Broadway New York, NY 10012	765,296	33.0%	3,263,468 <sup>(4)</sup>	7.9%
William W. Robinson c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	27.9%	2,589,315 <sup>(5)</sup>	6.3%
Trust under the Will of Maurice R. Robinson c/o Scholastic Corporation 557 Broadway New York, NY 10012	648,620	27.9%	2,331,712	5.7%
Trust under the Will of Florence L. Robinson c/o Scholastic Corporation 557 Broadway New York, NY 10012	116,676	5.0%	466,676	1.2%

T. Rowe Price Associates, Inc.  
 100 E. Pratt Street  
 Baltimore, MD 21202

□

□

2,981,835<sup>(6)</sup>

7.4%

- (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 their beneficial ownership of Common Stock. Richard Robinson, Chairman of the Board, President and Chief Executive Officer of the Company, and Barbara Robinson Buckland, Mary Sue Robinson Morrill and William W. Robinson, all of whom are siblings of Richard Robinson, 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 is: Richard Robinson 1,556,904 shares (sole voting and investment power), which includes 666,000 shares issuable under options to purchase Class A Stock (Class A Options) held by Mr. Robinson, 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); 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 666,000 shares issuable under Class A Options, 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 is: Richard Robinson 3,911,953 shares (sole voting and investment power), which includes the 666,000 shares under Class A Options held by Mr. Robinson, and 2,876,494 shares (shared voting and investment power); Barbara Robinson Buckland 172,500 shares (sole voting and investment power) and 2,331,712 shares (shared voting and investment power); Mary Sue Robinson Morrill 3,263,468 shares (shared voting and investment power); William W. Robinson 244,613 shares (sole voting and investment power) and 2,344,702 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 2,322,200 shares of Common Stock issuable on conversion of the Class A Stock (including the 666,000 shares issuable under Class A Options) described in Notes 1 and 2 above; 1,106,576 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; 849,787 shares of Common Stock under options held by Mr. Robinson; 3,814 shares of Common Stock with respect to which Mr. Robinson had voting rights at May 31, 2006 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; 73,894 shares of Common Stock owned by the Richard Robinson and Helen Benham Charitable Fund; and 37,278 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. Does not include 3,263 unvested RSUs held under the MSPP.
- (4) Does not include an aggregate of 212,896 shares of Common Stock held under Trusts for which Ms. Morrill's spouse and sister are trustees, as to which Ms. Morrill disclaims beneficial ownership.
- (5) Does not include 25,000 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, 2006, filed with the SEC. These securities 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 315,900 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 such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

## **Change of Control Arrangements**

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 and Class A 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, 2006, 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, except that Mr. Charles Deull, Ms. Beth Ford, Ms. Deborah Forte, Ms. Karen Maloney, Ms. Heather Myers and Mr. Hugh Roome, executive officers of the Company during the year, did not file timely reports regarding withholding of shares for the payment of taxes for restricted stock units ("RSUs") that vested on September 21, 2005 pursuant to the Scholastic Corporation 2001 Stock Incentive Plan (the "2001 SIP"). In addition, Mr. Hugh Roome did not file a timely report regarding withholding of shares for the payment of taxes with respect to the conversion to Common Stock of RSUs held under the MSPP upon the expiration of the related deferral period on September 1, 2005. These reports were filed promptly after the omissions were discovered.

**Share Ownership of Management**

On the Record Date, each director, director nominee and Named Executive 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		Common Stock	
	Amount and Nature of Beneficial Ownership (1)	Percent of Class	Amount and Nature of Beneficial Ownership (1)	Percent of Class
<b>Directors</b>				
Richard Robinson	2,322,200 <sup>(2)</sup>	100%	6,788,447 <sup>(3)</sup>	15.6%
Rebeca M. Barrera	□	□	37,504 <sup>(4)</sup>	*
Ramon C. Cortines	□	□	48,574 <sup>(5)</sup>	*
John L. Davies	□	□	36,000 <sup>(4)</sup>	*
Charles T. Harris III	□	□	38,258 <sup>(6)</sup>	*
Andrew S. Hedden	□	□	2,000 <sup>(7)</sup>	*
Mae C. Jemison	□	□	53,004 <sup>(8)</sup>	*
Peter M. Mayer	□	□	58,000 <sup>(9)</sup>	*
John G. McDonald	□	□	55,004 <sup>(10)</sup>	*
Augustus K. Oliver	□	□	56,574 <sup>(10)</sup>	*
Richard M. Spaulding	□	□	221,030 <sup>(11)</sup>	*
<b>Named Executive Officers</b>				
Richard Robinson	2,322,200 <sup>(2)</sup>	100%	6,788,447 <sup>(3)</sup>	15.6%
Lisa A. Holton	□	□	101,244 <sup>(12)</sup>	*
Deborah A. Forte	□	□	282,706 <sup>(13)</sup>	*
Margery A. Mayer	□	□	247,301 <sup>(14)</sup>	*
Mary A. Winston	□	□	75,759 <sup>(15)</sup>	*

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All directors and executive officers as a group (23 persons including those named above)	2,322,200 <sup>(2)</sup>	100%	9,038,586 <sup>(16)</sup>	19.9%
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\* 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) Includes 890,904 shares of Class A Stock held directly by Richard Robinson, 648,620 shares of Class A Stock owned by the Maurice R. Robinson Trust, 116,676 shares of Class A Stock owned by the Florence L. Robinson Trust and 666,000 shares of Class A Stock subject to Class A Options held by Mr. Robinson. 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) Includes 2,322,200 shares of Common Stock issuable on conversion of the Class A Stock (including 666,000 shares issuable under Class A Options) described in Note 2 above; 1,106,576 shares of Common Stock held directly by Richard Robinson; 350,000 shares of Common Stock held pursuant to the VPF (a variable prepaid forward stock sale); 849,787 shares of Common Stock under options held by Mr. Robinson; 37,278 shares of Common Stock underlying RSUs vested or vesting within 60 days held under the MSPP; 3,814 shares of Common Stock with respect to which Mr. Robinson had voting rights at May 31, 2006 under 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 custodial account for one of his sons; 4,212 shares of Common Stock owned directly by his sons; and 73,894 shares of Common Stock owned by the Richard Robinson and Helen Benham Charitable Fund. Does not include 3,263 unvested RSUs held under the MSPP.
- (4) Includes options under which such director may purchase 36,000 shares of Common Stock.
- (5) Includes options under which Mr. Cortines may purchase 48,000 shares of Common Stock.

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- (6) Includes 2,858 shares of Common Stock held directly by Mr. Harris, 4,000 shares held through a limited partnership where Mr. Harris retains voting and dispositive power, 1,000 shares in a trust where Mr. Harris is the trustee, 400 shares in custodial accounts for his children and 30,000 shares under options held by him. Mr. Harris is not standing for reelection at the Annual Meeting; see Proposal 1- Election of Directors.
- (7) 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.
- (8) Includes options under which Ms. Jemison may purchase 52,000 shares of Common Stock.
- (9) Includes 15,000 shares of Common Stock held directly by Mr. Mayer, 1,000 shares held through a pension plan in which he has an interest and 42,000 shares under options held by him.
- (10) Includes options under which such director may purchase 54,000 shares of Common Stock.
- (11) Includes 150,959 shares of Common Stock held directly by Mr. Spaulding, 58,086 shares under options held by him and 11,985 shares underlying RSUs vested or vesting within 60 days held under the MSPP. Does not include 3,119 unvested RSUs held under the MSPP.
- (12) Includes 1,244 shares of Common Stock held directly by Ms. Holton and 100,000 shares under options held by her. Does not include 6,000 unvested SUs under the 2001 SIP.
- (13) Includes 11,422 shares of Common Stock held directly by Ms. Forte, 258,040 shares under options held by her, 9,494 shares underlying RSUs vested or vesting within 60 days held under the MSPP and 3,750 shares underlying SUs scheduled to vest within 60 days under the 2001 SIP. Does not include 3,263 unvested RSUs held under the MSPP or 7,500 unvested SUs held under the 2001 SIP.
- (14) Includes 14,834 shares of Common Stock held directly by Ms. Mayer, 227,150 shares under options held by her and 5,317 shares underlying RSUs vested or vesting within 60 days held under the MSPP. Does not include 1,659 unvested RSUs held under the MSPP.
- (15) Includes 759 shares of Common Stock held directly by Ms. Winston and 75,000 shares of Common Stock under options held by her. Does not include 3,316 unvested RSUs held under the MSPP.
- (16) Includes an aggregate of 2,815,931 shares of Common Stock under options held by members of the group, an aggregate of 77,885 shares underlying RSUs vested or vesting within 60 days held under the MSPP, an aggregate of 9,633 shares with respect to which members of the group had voting rights at May 31, 2006 under the 401(k) Plan, an aggregate of 5,683 shares underlying SUs vesting within 60 days held under the 2001 SIP, and 2,322,200 shares of Common Stock issuable on the conversion of Class A Stock (including the 666,000 shares issuable under Class A Options). Does not include an aggregate of 38,294 unvested RSUs held under the MSPP or an aggregate of 25,617 unvested SUs held under the 2001 SIP.

**EXECUTIVE COMPENSATION**

The following table sets forth information regarding the compensation paid or accrued by the Company and its subsidiaries for services of the Chief Executive Officer and the four other most highly compensated executive officers of the Company (collectively, the "Named Executives") in respect of the fiscal years ended May 31, 2006, 2005 and 2004:

**Summary Compensation Table**

Name and Principal Positions	Fiscal Year	Annual Compensation			Long-Term Compensation Awards		
		Salary	Bonus <sup>(1)</sup>	Other Annual Compensation	Restricted Stock Awards (\$)	Securities Underlying Options	All Other Compensation <sup>(2)</sup>
<b>Richard</b>							
<b>Robinson</b> Chairman of the Board, President and CEO	2006	\$ 861,194	\$ 0	\$ 247,592 <sup>(3)</sup>	\$ 0	333,000 <sup>(4)</sup>	\$ 6,650
	2005	\$ 844,560	\$ 419,905	\$ 89,500 <sup>(3)</sup>	\$ 0	333,000 <sup>(4)</sup>	\$ 6,150
	2004	\$ 838,828	\$ 0	\$ 84,500 <sup>(3)</sup>	\$ 0	0	\$ 6,200
<b>Lisa A. Holton</b>							
EVP; President, Book Fairs and Trade	2006	\$ 600,000	\$ 75,300	\$ 0	\$ 0	50,000	\$ 3,350
	2005	\$ 11,538 <sup>(5)</sup>	\$ 100,000 <sup>(5)</sup>	\$ 0	\$ 297,040 <sup>(6)</sup>	50,000	\$ 0
<b>Deborah A.</b>							
<b>Forte</b> EVP; President, Scholastic Entertainment	2006	\$ 610,056	\$ 65,000	\$ 26,128 <sup>(7)</sup>	\$ 0	0	\$ 6,650
	2005	\$ 592,287	\$ 231,325	\$ 6,652 <sup>(7)</sup>	\$ 435,900 <sup>(6)</sup>	15,000	\$ 6,350
	2004	\$ 576,947	\$ 130,000	\$ 0	\$ 0	35,000	\$ 6,200
<b>Margery A.</b>							
<b>Mayer</b> EVP; President, Scholastic Education	2006	\$ 565,385	\$ 67,500	\$ 9,789 <sup>(7)</sup>	\$ 0	34,000	\$ 4,804
	2005	\$ 482,691	\$ 260,000	\$ 6,905 <sup>(7)</sup>	\$ 0	0	\$ 4,188
	2004	\$ 441,346	\$ 135,000	\$ 0	\$ 0	85,000	\$ 4,262
<b>Mary A.</b>							
<b>Winston</b> EVP; Chief Financial Officer	2006	\$ 550,765	\$ 37,600	\$ 33,259 <sup>(7)</sup>	\$ 0	25,000	\$ 3,321
	2005	\$ 532,912	\$ 226,700 <sup>(8)</sup>	\$ 313,292 <sup>(9)</sup>	\$ 0	50,000	\$ 3,149
	2004	\$ 141,346 <sup>(8)</sup>	\$ 85,000 <sup>(8)</sup>	\$ 0	\$ 0	0	\$ 0

(1) The amounts shown represent the full amount of the bonus actually awarded to the Named Executive with regard to the fiscal year, including amounts deferred at the executive's election and invested in RSUs under the MSPP. Ms. Holton, Ms. Forte, Ms. Mayer and Ms. Winston elected to invest 20%, 25%,

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20% and 50%, respectively, of fiscal 2006 bonus in RSUs under the MSPP; Mr. Robinson, Ms. Forte, Ms. Mayer and Ms. Winston elected to invest 100%, 30%, 10% and 50% of fiscal 2005 bonus in RSUs under the MSPP; and each of Ms. Forte and Ms. Mayer elected to invest 10% of fiscal 2004 bonus in RSUs under the MSPP.

- (2) The amounts shown reflect matching contributions made by the Company for the benefit of the Named Executive under the 401(k) Plan.
- (3) Of the amounts shown, \$85,000, \$85,000 and \$80,000 for fiscal 2006, 2005 and 2004, respectively, represent 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 to be dedicated to such services. For fiscal 2006, the amounts shown also include \$158,093, which is the value of the 25% discount received on the purchase of 15,762 RSUs allocated to Mr. Robinson's account in respect of his fiscal 2005 bonus under the MSPP, based on the fair market value of the Common Stock underlying such RSUs at the date of allocation.
- (4) Represents a grant of Class A Options under the Scholastic Corporation 2004 Class A Stock Incentive Plan (the "Class A Plan"). Mr. Robinson is the only eligible participant in the Class A Plan.
- (5) Ms. Holton joined the Company as President, Book Fairs and Trade in May 2005. Bonus includes a \$100,000 signing bonus paid in fiscal 2005.
- (6) Represents an award of SUs under the 2001 SIP, which vest in four equal annual installments beginning one year from the date of grant and, upon vesting, convert automatically into shares of Common Stock on a one-for-one basis. At May 31, 2006, Ms. Holton held a total of 6,000 SUs having a value of \$157,920 and Ms. Forte held a total of 11,250 SUs having a value of \$296,100, based on the closing price of the underlying Common Stock on that date.

- (7) Amounts shown represent the value of the 25% discount received on the purchase of RSUs allocated to the Named Executives' accounts under the MSPP, based on the fair market value of the Common Stock underlying such RSUs on the date of allocation. For Ms. Forte, Ms. Mayer and Ms. Winston, 2,605 RSUs, 976 RSUs and 3,316 RSUs, respectively, were allocated to their accounts under the MSPP in fiscal 2006 in respect of fiscal 2005 bonus. For Ms. Forte and Ms. Mayer, 658 RSUs and 683 RSUs, respectively, were allocated to their accounts under the MSPP in fiscal 2005 in respect of fiscal 2004 bonus.
- (8) Ms. Winston joined the Company as Chief Financial Officer in February 2004. Bonus includes a \$100,000 signing bonus, \$50,000 of which is included in fiscal 2005 and \$50,000 of which is included in fiscal 2004. Fiscal 2004 bonus also includes \$35,000 paid as compensation for the loss of certain options that Ms. Winston forfeited upon termination of her previous employment.
- (9) Includes the following amounts: \$200,464 for costs and expenses related to Ms. Winston's relocation and \$112,828 as reimbursement for taxes in respect of such relocation payments paid to Ms. Winston.

### Option Grants in Fiscal 2006

The following table sets forth information concerning individual stock option grants made to the Named Executives during the fiscal year ended May 31, 2006.

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Options Term <sup>(1)</sup>	
	Number of Securities Underlying Options Granted (#) (2)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/share)	Expiration Date	5% (\$)	10% (\$)
Richard Robinson	333,000 <sup>(3)</sup>	41.4%	\$36.41	9/21/15	\$7,625,052	\$19,323,378
Lisa A. Holton	50,000	6.2%	\$26.33	5/25/16	\$27,940	\$2,098,162
Deborah A. Forte	---	---	---	---	---	---
Margery A. Mayer	34,000	4.2%	\$37.38	7/19/15	\$799,275	\$2,025,519
Mary A. Winston	25,000	3.1%	\$37.38	7/19/15	\$587,702	\$1,489,352

- (1) The dollar amounts under the 5% and 10% columns in the table above are the result of calculations required by the SEC and therefore are not intended to forecast the possible future appreciation of the price of the Common Stock. Although permitted by SEC rules, the Company did not use an alternate formula for grant date valuation because the Company is not aware of any formula that will determine with reasonable accuracy a present value based on future unknown or volatility factors. No gain on the stock options awarded to the Named Executives is possible without appreciation in the price of the Common Stock during the applicable period.

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- (2) The options shown are exercisable for Common Stock (except that for Mr. Robinson, the options shown are exercisable for Class A Stock, as described in Note 3 below) at an exercise price equal to the fair market value of the Common Stock at the date of grant. All options shown were scheduled to vest in four equal installments beginning one year from the date of grant, with the exception