

**CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
OF SCHOLASTIC CORPORATION**

I. Statement of Policy

The Audit Committee’s primary objective is to provide assistance to the Board of Directors of Scholastic Corporation (the “Company”) in fulfilling its oversight responsibilities with respect to (a) the quality and integrity of the financial statements and other financial information provided to the stockholders of the Company, the financial and investment communities and the public, (b) the Company’s compliance with legal and regulatory requirements with regard to the Company’s financial statements, (c) the independent auditors’ qualifications and independence, and (d) the performance of the Company’s internal audit function.

II. Organization

The Audit Committee shall be comprised of no fewer than three (3) directors. Each member of the Audit Committee shall satisfy the independence, financial literacy and experience requirements of Section 10A of the Securities Exchange Act of 1934 (“the Act”) and the listing standards of The Nasdaq Stock Market, Inc. (“Nasdaq”) and any other applicable regulatory requirements. The Audit Committee shall contain at least one member who is a “financial expert” as such is defined in the Act. The members of the Audit Committee shall be appointed by the Board. The Audit Committee may form and delegate authority to subcommittees when appropriate.

III. Meetings

The Audit Committee shall meet at least four times per year on a quarterly basis, or more frequently as circumstances require. As part of its job to foster open communication, the Audit Committee shall meet with management, the internal audit group and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

IV. Authority and Responsibilities

A primary responsibility of the Audit Committee is to oversee the Company’s corporate accounting and financial reporting practices and report its activities to the Company’s Board of Directors. In carrying out its responsibilities, the Audit Committee and its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

The Audit Committee shall perform the following functions:

With respect to the Independent Auditors

- Be directly responsible for the appointment and oversight of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing its audit of the financial statements of the Company and its divisions and subsidiaries for each fiscal

year, as well as for the approval of the audit-related and other fees received by the independent auditors for their services.

- Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, the staffing for such audit and the proposed compensation and, for each fiscal year, to review the results of such audit, including any comments or recommendations of the independent auditors arising therefrom.
- Review the nature and scope of other professional services provided to the Company by the independent auditors and consider their relationship to the auditors' objectivity and independence. The Audit Committee shall be satisfied as to the independence of the independent auditors and shall ensure that the auditors submit to the Audit Committee the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence.
- At least annually, obtain and review an annual report from the independent auditors describing (a) the independent auditors' internal quality control procedures and (b) any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues.
- Review all reports required to be submitted by the independent auditors to the Audit Committee pursuant to the Act, including (a) a report of all critical accounting policies and practices to be used; (b) a report of all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (c) a report regarding all other material written communications between the independent auditors and management, such as the management letter or schedule of unadjusted differences.

With respect to the Annual Financial Statements:

- Review and discuss with management, the internal audit group and the independent auditors the Company's financial statements to be included in the Annual Report to Stockholders including the content and the disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- Discuss with the independent auditors the matters required to be discussed under the relevant rules relating to the conduct of the audit.
- Recommend to the Board that the Company's annual audited financial statements be included in the Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission (the "SEC").

- Prepare the report required by the rules of the SEC to be included in the Company’s annual proxy statement and any other reports of the Audit Committee required by applicable securities laws or stock exchange listing requirements or rules.
- Review reports received from regulators and other legal and regulatory matters that may have a material effect on the financial statements of the Company or related compliance policies.

With respect to quarterly financial statements:

- Review and discuss with management and the independent auditors the Company’s quarterly financial statements, including disclosures made in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the independent auditors’ review of the quarterly financial statements, prior to submission to stockholders, any governmental body, any stock exchange or the public.

Annual reviews:

- Obtain and review an annual report from management relating to the accounting principles used in the preparation of the Company’s financial statements, including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof.

Periodic reviews:

- Periodically review separately with each of management, the independent auditors and the internal audit group (a) any significant disagreement between management and the independent auditors or the internal audit group in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and (c) management’s response to each.
- Periodically discuss with the independent auditors, without management being present, (a) their judgments about the quality and appropriateness of the Company’s accounting principles and financial disclosure practices as applied in its financial reporting, (b) the completeness and accuracy of the Company’s financial statements, and (c) the degree of aggressiveness and conservatism.
- Consider and approve, if appropriate, significant changes to the Company’s accounting principles and financial disclosure practices as suggested by the independent auditors, management or the internal audit group. Review with the independent auditors, management and the internal audit group, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Audit Committee, have been implemented.
- Review and discuss with management and the independent auditors and the Company’s in-house and independent counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company’s financial statements, including applicable changes in accounting standards or rules.

Discussions with management:

- Review and discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information.
- Review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- Review and discuss with management the Company's major risk exposures and the steps management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies.

With respect to the internal audit and reporting functions and internal controls:

- Based upon discussions with the independent auditors, review the internal audit function of the Company, including the independence and line of authority for its reporting obligations, the scope and the plan of the proposed audit for the succeeding fiscal year, the coordination of such plans with the independent auditors and appropriate staffing levels.
- In consultation with the independent auditors and the internal audit group, review the adequacy of the Company's internal control structure and procedures designed to ensure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the internal audit group.
- Inquire of financial management, the internal auditor and the independent auditors about significant risks or exposures and assess the steps management has taken to minimize such risks to the Company.
- Receive a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.
- Review the internal control report prepared by management, including management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting and the independent auditors' attestation, and report, on the assessment made by management.
- Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Ensure that there are no unjustified restrictions or limitations on the scope of the internal audit function, and review and consider management's appointment, termination or replacement of the internal audit group and make recommendations thereon.
- Review on an annual basis the performance of the internal audit group.

- Review appropriate staffing levels for the accounting, financial and internal audit functions and succession planning related thereto.

Other:

- Submit the minutes of all meetings of the Audit Committee to, or report on the matters discussed at each committee meeting with, the Board of Directors.
- Obtain the full Board of Directors' approval of this Charter and review and reassess this Charter as conditions dictate (at least once per fiscal year).
- Review and approve all related-party transactions, as defined by SEC Regulation S-K, Item 404(a).
- Review and approve (a) any change or waiver in the Company's code of ethics for senior financial officers and (b) any disclosure made on Form 8-K regarding such change or waiver.
- Establish a policy addressing the Company's hiring of employees or former employees of the independent auditors who were engaged on the Company's account.
- Establish and maintain a confidential procedure, including but not limited to, access from the Company website whereby the Company and/or Company employees can contact the members directly in order to express any anonymous concerns about auditing or accounting matters.
- Perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Audit Committee or the Board deems necessary or appropriate.

V. Resources:

- Investigate any matter brought to the attention of the Audit Committee within the scope of its duties, with the power to retain independent accounting and other consultants and/or outside counsel to advise the Audit Committee, as needed.
- The Audit Committee shall have the power to establish the appropriate level of fees or other compensation to be paid by the Company to the independent auditors for purpose of rendering or issuing the Annual Report and to any independent legal, accounting and other consultants retained to advise the Audit Committee.