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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2006 Commission File No. 000-19860

SCHOLASTIC CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	**13-3385513**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
557 Broadway, New York, New York	**10012**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 343-6100

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No _

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer X Accelerated filer _ Non-accelerated filer _

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes _ No X

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Title of each class	Number of shares outstanding as of March 31, 2006
Common Stock, $.01 par value	40,215,377
Class A Stock, $.01 par value	1,656,200

SCHOLASTIC CORPORATION
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED FEBRUARY 28, 2006
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
(Amounts in millions, except per share data)

	Three months ended February 28,		*Nine months ended February 28,*	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Revenues	**$ 487.7**	**$ 480.8**	**$ 1,682.8**	**$ 1,487.8**
Operating costs and expenses:				
Cost of goods sold	242.2	233.9	833.5	711.4
Selling, general and administrative expenses	230.9	208.4	684.5	618.8
Bad debt expense	15.7	14.9	43.4	50.7
Depreciation and amortization	16.7	15.7	49.1	46.5
Total operating costs and expenses	**505.5**	**472.9**	**1,610.5**	**1,427.4**
Operating income (loss)	**(17.8)**	**7.9**	**72.3**	**60.4**
Interest expense, net	6.8	9.1	24.4	27.4
Earnings (loss) before income taxes	(24.6)	(1.2)	47.9	33.0
Provision (benefit) for income taxes	(9.1)	(0.4)	17.7	11.8
Net income (loss)	**$ (15.5)**	**$ (0.8)**	**$ 30.2**	**$ 21.2**
Earnings (loss) per Share of Class A and Common Stock:				
Basic	$ (0.37)	$ (0.02)	$ 0.74	$ 0.53
Diluted	$ (0.37)	$ (0.02)	$ 0.73	$ 0.52

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions, except per share data)

	February 28, 2006	May 31, 2005	February 28, 2005
	(Unaudited)		*(Unaudited)*
ASSETS			Restated
Current Assets:			
Cash and cash equivalents	$ 219.5	$ 110.6	$ 22.1
Accounts receivable, net	241.9	269.6	249.1
Inventories	480.7	404.9	468.0
Deferred promotion costs	47.3	38.6	42.7
Deferred income taxes	71.3	71.7	75.9
Prepaid expenses and other current assets	78.9	43.9	48.0
Total current assets	1,139.6	939.3	905.8
Property, plant and equipment, net	395.5	392.7	390.7
Prepublication costs	116.2	120.2	115.5
Installment receivables, net	10.4	10.6	10.2
Royalty advances	55.4	54.4	59.2
Production costs	6.4	9.7	9.9
Goodwill	253.6	254.2	251.5
Other intangibles	78.5	78.7	78.7
Other assets and deferred charges	69.0	71.6	72.8
Total assets	**$ 2,124.6**	**$ 1,931.4**	**$ 1,894.3**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Current portion of long-term debt, lines of credit and short-term debt	$ 326.8	$ 24.9	$ 21.3
Capital lease obligations	9.2	11.0	11.6
Accounts payable	150.1	141.4	127.6
Accrued royalties	129.3	40.1	57.1
Deferred revenue	35.9	22.9	43.4
Other accrued expenses	154.1	134.5	128.4
Total current liabilities	805.4	374.8	389.4
Noncurrent Liabilities:			
Long-term debt, excluding current portion	173.2	476.5	489.0
Capital lease obligations	63.1	63.4	63.7
Other noncurrent liabilities	87.8	79.6	62.7
Total noncurrent liabilities	324.1	619.5	615.4
Commitments and Contingencies	-	-	-
Stockholders' Equity:			
Preferred Stock, $1.00 par value	-	-	-
Class A Stock, $.01 par value	0.0	0.0	0.0
Common Stock, $.01 par value	0.4	0.4	0.4
Additional paid-in capital	455.5	424.0	405.3
Deferred compensation	(1.7)	(2.1)	(1.5)
Accumulated other comprehensive loss	(32.6)	(28.5)	(14.9)
Retained earnings	573.5	543.3	500.2
Total stockholders' equity	995.1	937.1	889.5
Total liabilities and stockholders' equity	**$ 2,124.6**	**$ 1,931.4**	**$ 1,894.3**

See accompanying notes

SCHOLASTIC CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED
(Amounts in millions)

	Nine months ended February 28,	
	2006	**2005**
		Restated
Cash flows provided by operating activities:		
Net income	$ 30.2	$ 21.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for losses on accounts receivable	43.4	50.7
Amortization of prepublication and production costs	53.9	49.3
Depreciation and amortization	49.1	46.5
Royalty advances expensed	20.9	21.3
Deferred income taxes	2.2	(3.3)
Non-cash interest expense	1.1	0.9
Changes in assets and liabilities:		
Accounts receivable, net	(14.1)	(27.1)
Inventories	(73.3)	(56.9)
Prepaid expenses and other current assets	(33.9)	(4.0)
Deferred promotion costs	(7.7)	(0.9)
Accounts payable and other accrued expenses	38.1	(26.2)
Accrued royalties	89.2	18.5
Deferred revenue	12.3	19.3
Tax benefit realized from employee stock-based plans	5.1	1.5
Other, net	(6.2)	1.3
Total adjustments	180.1	90.9
Net cash provided by operating activities	210.3	112.1
Cash flows used in investing activities:		
Prepublication expenditures	(35.4)	(40.9)
Additions to property, plant and equipment	(46.6)	(31.4)
Royalty advances	(22.1)	(24.7)
Production expenditures	(11.0)	(12.8)
Acquisition-related payments	(3.3)	-
Net cash used in investing activities	(118.4)	(109.8)
Cash flows provided by financing activities:		
Borrowings under Credit Agreement and Revolver	170.3	342.4
Repayments of Credit Agreement and Revolver	(170.3)	(344.6)
Repurchase of 5.75% Notes	(6.0)	-
Borrowings under lines of credit	182.4	169.0
Repayments of lines of credit	(176.7)	(172.4)
Repayment of capital lease obligations	(8.9)	(7.1)
Proceeds pursuant to employee stock-based plans	26.0	14.2
Net cash provided by financing activities	16.8	1.5
Effect of exchange rate changes on cash	0.2	0.5
Net increase in cash and cash equivalents	108.9	4.3
Cash and cash equivalents at beginning of period	110.6	17.8
Cash and cash equivalents at end of period	**$ 219.5**	**$ 22.1**

See accompanying notes

1. Basis of Presentation

The accompanying condensed consolidated financial statements consist of the accounts of Scholastic Corporation (the "Corporation") and all majority-owned subsidiaries (collectively, "Scholastic" or the "Company"). These financial statements have not been audited but reflect those adjustments consisting of normal recurring items that management considers necessary for a fair presentation of financial position, results of operations and cash flow. These financial statements should be read in conjunction with the consolidated financial statements and related notes in the Annual Report on Form 10-K for the fiscal year ended May 31, 2005.

The Company's business is closely correlated to the school year. Consequently, the results of operations for the three and nine months ended February 28, 2006 and 2005 are not necessarily indicative of the results expected for the full year. Due to the seasonal fluctuations that occur, the February 28, 2005 condensed consolidated balance sheet is included for comparative purposes.

The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements involves the use of estimates and assumptions by management, which affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The Company bases its estimates on historical experience, current business factors, and various other assumptions believed to be reasonable under the circumstances, all of which are necessary in order to form a basis for determining the carrying values of assets and liabilities. Actual results may differ from those estimates and assumptions. On an on-going basis, the Company evaluates the adequacy of its reserves and the estimates used in calculations, including, but not limited to: collectability of accounts receivable and installment receivables; sales returns; amortization periods; pension obligations; and recoverability of inventories, deferred promotion costs, deferred income taxes and tax reserves, prepublication costs, royalty advances, goodwill and other intangibles.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Stock-Based Compensation

Under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," the Company applies Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock-based benefit plans. In accordance with APB No. 25, no compensation expense was recognized with respect to the Company's stock-based benefit plans, as the exercise price of each stock option issued was equal to the market price of the underlying stock on the date of grant and the exercise price and number of shares subject to grant were fixed. If the Company had elected to recognize compensation expense based on the fair value of the options granted at the date of grant and in respect to shares issuable under the Company's equity compensation plans as prescribed by SFAS No. 123, net income (loss) and basic and diluted earnings (loss) per share would have been reduced to the pro forma amounts indicated in the following table:

	Three months ended February 28,		*Nine months ended February 28,*	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Net income (loss) – as reported	$ (15.5)	$ (0.8)	$ 30.2	$ 21.2
Add: Stock-based employee compensation included in reported net income (loss), net of tax	0.3	0.1	0.6	0.3
Deduct: Total stock-based employee compensation expense determined under fair value-based method, net of tax	2.5	3.0	7.9	9.0
Net income (loss) – pro forma	**$ (17.7)**	**$ (3.7)**	**$ 22.9**	**$ 12.5**
Earnings (loss) per share - as reported:				
Basic	$ (0.37)	$ (0.02)	$ 0.74	$ 0.53
Diluted	$ (0.37)	$ (0.02)	$ 0.73	$ 0.52
Earnings (loss) per share – pro forma:				
Basic	$ (0.42)	$ (0.09)	$ 0.56	$ 0.31
Diluted	$ (0.42)	$ (0.09)	$ 0.55	$ 0.31

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (the “FASB”) issued SFAS No. 123 (revised 2004), “Share-Based Payment” (“SFAS No. 123R”), which requires companies to expense the fair value of all share-based payments as currently permitted, but not required, under SFAS No. 123. SFAS No. 123R will be effective for the Company commencing June 1, 2006. Retroactive application of the fair value recognition provisions of SFAS No. 123 is permitted, but not required. Alternatively, a company may use the modified prospective transition method for application of SFAS No. 123R. Under this method, compensation expense is recognized for all share-based payments granted, modified or settled after the date of adoption based on their grant-date fair value. For awards granted prior to the adoption date, the compensation expense of any unvested portion is recognized over the remaining requisite service period. The Company intends to use the modified prospective transition method to adopt SFAS No. 123R and is currently evaluating the impact that the adoption of SFAS No. 123R will have on its financial position, results of operations and cash flows.

2. Restatement of Previously Issued Consolidated Financial Statements

As a result of a comprehensive review of its lease accounting in the fourth quarter of fiscal 2005, the Company determined that it was appropriate to restate its previously issued annual and interim consolidated financial statements. The restatement was principally attributable to the treatment of certain leases previously classified as operating leases that should have been classified as capital leases and certain other operating leases that previously did not reflect future payment escalation clauses in determining rent expense. The classification of certain capital leases as operating leases principally had the effect of excluding assets subject to capital leases and the related capital lease obligations from the Company’s Consolidated Balance Sheet and treating rental payments as rent expense, rather than as interest expense and principal payments on capital lease obligations. Also, not considering future payment escalation clauses in determining rent expense for certain operating leases principally had the effect of understating rent expense in the early periods of the lease agreements and overstating rent expense in the later periods of the lease agreements.

The Company has revised its accounting for these leasing transactions and restated its previously issued annual and interim Consolidated Financial Statements in its Annual Report on Form 10-K for the fiscal year ended May 31, 2005 to appropriately classify its leases and to appropriately reflect future payment escalation clauses in determining rent expense.

The following is a summary of the impact of the restatement on the Company's Condensed Consolidated Statements of Operations for the three and nine months ended February 28, 2005:

	As Previously Reported (1)	Adjustments	As Restated
Condensed Consolidated Statement of Operations			
Three Months Ended February 28, 2005			
Selling, general and administrative expenses	$ 213.1	$ (4.7)	$ 208.4
Depreciation and amortization	13.1	2.6	15.7
Operating income	5.8	2.1	7.9
Interest expense, net	6.9	2.2	9.1
Loss before income taxes	(1.1)	(0.1)	(1.2)
Benefit for income taxes	(0.4)	-	(0.4)
Net loss	(0.7)	(0.1)	(0.8)
Loss per share of Class A and Common Stock:			
Basic	$ (0.02)	$ 0.00	$ (0.02)
Diluted	(0.02)	0.00	(0.02)
Condensed Consolidated Statement of Operations			
Nine Months Ended February 28, 2005			
Selling, general and administrative expenses	$ 631.4	$ (12.6)	$ 618.8
Depreciation and amortization	39.1	7.4	46.5
Operating income	55.2	5.2	60.4
Interest expense, net	21.6	5.8	27.4
Earnings before income taxes	33.6	(0.6)	33.0
Provision for income taxes	11.9	(0.1)	11.8
Net income	21.7	(0.5)	21.2
Earnings per share of Class A and Common Stock:			
Basic	$ 0.55	(0.02)	$ 0.53
Diluted	0.54	(0.02)	0.52

(1) Certain prior year amounts have been reclassified to conform to the current year presentation.

The following is a summary of the impact of the restatement on the Company's Condensed Consolidated Balance Sheet at February 28, 2005 and the Consolidated Statement of Cash Flows for the nine months ended February 28, 2005:

	As Previously Reported (1)	Adjustments	As Restated
Condensed Consolidated Balance Sheet as of February 28, 2005			
Property, plant and equipment, net	$ 328.5	$ 62.2	$ 390.7
Other assets and deferred charges	66.3	6.5	72.8
Total assets	1,825.6	68.7	1,894.3
Capital lease obligations - current	-	11.6	11.6
Total current liabilities	377.8	11.6	389.4
Capital lease obligations – noncurrent	-	63.7	63.7
Other noncurrent liabilities	58.2	4.5	62.7
Total noncurrent liabilities	547.2	68.2	615.4
Retained earnings	511.3	(11.1)	500.2
Total stockholders' equity	900.6	(11.1)	889.5
Total liabilities and stockholders' equity	$ 1,825.6	$ 68.7	$ 1,894.3
Consolidated Statement of Cash Flows – Nine Months Ended February 28, 2005			
Net cash provided by operating activities	$ 105.0	$ 7.1	$ 112.1
Net cash provided by financing activities	8.6	(7.1)	1.5

(1) Certain prior year amounts have been reclassified to conform to the current year presentation.

3. Segment Information

Scholastic is a global children's publishing and media company. The Company distributes its products and services through a variety of channels, including school-based book clubs, school-based book fairs, school-based and direct-to-home continuity programs, retail stores, schools, libraries, the internet and television networks. The Company categorizes its businesses into four operating segments: *Children's Book Publishing and Distribution; Educational Publishing; Media, Licensing and Advertising* (which collectively represent the Company's domestic operations)*;* and *International*. This classification reflects the nature of products and services consistent with the method by which the Company's chief operating decision-maker assesses operating performance and allocates resources. Revenues and gross margin related to a segment's products sold or services rendered through another segment's distribution channel are reallocated to the segment originating the products or services.

• *Children's Book Publishing and Distribution* includes the publication and distribution of children's books in the United States through school-based book clubs and book fairs, school-based and direct-to-home continuity programs and the trade channel.

• *Educational Publishing* includes the production and/or publication and distribution to schools and libraries of educational technology products, curriculum materials, children's books, classroom magazines and print and on-line reference and non-fiction products for grades pre-kindergarten to 12 in the United States.

• *Media, Licensing and Advertising* includes the production and/or distribution of software in the United States; the production and/or distribution, primarily by and through the Company's subsidiary, Scholastic Entertainment Inc., of programming and consumer products (including children's television programming, videos, software, feature films, promotional activities and non-book merchandise); and advertising revenue, including sponsorship programs.

• *International* includes the publication and distribution of products and services outside the United States by the Company's international operations, and its export and foreign rights businesses.

The following table sets forth information for the Company's segments for the periods indicated. In the fourth quarter of fiscal 2005, the Company reviewed the estimated Cost of goods sold related to products originated by the *Media, Licensing and Advertising* segment that are sold through channels included in the *Children's Book Publishing and Distribution* segment. The Company determined that actual costs were lower and gross margins higher on these products than was previously estimated. As a result, the prior period inter-segment allocations were adjusted (the "Segment Reallocation"), resulting in higher gross margin and profits in the *Media, Licensing and Advertising* segment with an offsetting decrease in gross margin and profits in the *Children's Book Publishing and Distribution* segment. Prior year segment results have been reclassified to reflect this reallocation.

	Children's Book Publishing and Distribution	Educational Publishing	Media, Licensing and Advertising	Overhead (1)	Total Domestic	International	Consolidated
Three months ended February 28, 2006							
Revenues	$ 270.9	$ 73.5	$ 46.4	$ 0.0	$ 390.8	$ 96.9	$ 487.7
Bad debt	11.4	1.5	0.1	0.0	13.0	2.7	15.7
Depreciation and amortization	3.4	0.6	0.0	11.7	15.7	1.0	16.7
Amortization (2)	4.2	6.9	4.8	0.0	15.9	0.5	16.4
Royalty advances expensed	6.2	0.3	0.2	0.0	6.7	1.0	7.7
Segment profit (loss) (3)	(3.2)	(3.5)	6.3	(19.7)	(20.1)	2.3	(17.8)
Expenditures for long-lived assets (4)	14.0	7.3	2.4	9.7	33.4	3.7	37.1
Three months ended February 28, 2005 - Restated							
Revenues	$ 272.3	$ 79.3	$ 37.2	$ 0.0	$ 388.8	$ 92.0	$ 480.8
Bad debt	11.8	0.6	0.1	0.0	12.5	2.4	14.9
Depreciation and amortization	4.2	0.8	0.3	8.7	14.0	1.7	15.7
Amortization (2)	4.4	8.2	4.2	0.0	16.8	0.1	16.9
Royalty advances expensed	14.0	0.6	(0.2)	0.0	14.4	0.7	15.1
Segment profit (loss) (3)	14.7	4.9	4.4	(19.1)	4.9	3.0	7.9
Expenditures for long-lived assets (4)	18.3	11.0	5.6	5.0	39.9	0.7	40.6
Nine months ended February 28, 2006							
Revenues	$ 970.4	$ 301.0	$ 116.4	$ 0.0	$ 1,387.8	$ 295.0	$ 1,682.8
Bad debt	33.0	2.9	0.3	0.0	36.2	7.2	43.4
Depreciation and amortization	12.7	2.7	1.1	28.3	44.8	4.3	49.1
Amortization (2)	12.4	22.8	17.2	0.0	52.4	1.5	53.9
Royalty advances expensed	17.3	1.3	0.6	0.0	19.2	1.7	20.9
Segment profit (loss) (3)	65.7	45.6	8.3	(56.9)	62.7	9.6	72.3
Segment assets	1,026.3	301.4	68.4	420.3	1,816.4	308.2	2,124.6
Goodwill	130.6	82.5	9.8	0.0	222.9	30.7	253.6
Expenditures for long-lived assets (4)	51.9	22.0	10.9	23.4	108.2	10.2	118.4
Long-lived assets (5)	332.4	182.6	31.9	291.5	838.4	104.0	942.4

	Children's Book Publishing and Distribution	Educational Publishing	Media, Licensing and Advertising	Overhead (1)	Total Domestic	International	Consolidated
Nine months ended February 28, 2005 - Restated							
Revenues	$ 819.1	$ 292.0	$ 96.7	$ 0.0	$ 1,207.8	$ 280.0	$ 1,487.8
Bad debt	42.1	1.2	0.5	0.0	43.8	6.9	50.7
Depreciation and amortization	11.0	2.4	1.2	27.2	41.8	4.7	46.5
Amortization (2)	12.5	25.1	11.1	0.0	48.7	0.6	49.3
Royalty advances expensed	18.6	0.9	0.1	0.0	19.6	1.7	21.3
Segment profit (loss) (3)	41.6	48.7	6.7	(55.8)	41.2	19.2	60.4
Segment assets	795.6	304.9	64.0	416.4	1,580.9	313.4	1,894.3
Goodwill	127.9	82.5	10.7	0.0	221.1	30.4	251.5
Expenditures for long-lived assets (4)	49.9	27.9	14.2	13.0	105.0	4.8	109.8
Long-lived assets (5)	320.5	185.5	37.4	294.3	837.7	105.4	943.1

(1) *Overhead includes all domestic corporate amounts not allocated to reportable segments, including expenses and costs related to the management of corporate assets. Unallocated assets are principally comprised of deferred income taxes and property, plant and equipment related to the Company's headquarters in the metropolitan New York area, the fulfillment and distribution facilities located in Missouri and Arkansas, and an industrial/office building complex in Connecticut.*

(2) *Includes amortization of prepublication costs and production costs.*

(3) *Segment profit (loss) represents profit (loss) before interest, net and income taxes. The impact on segment profit (loss) of the Segment Reallocation for the three and nine months ended February 28, 2005 was a decrease in Children's Book Publishing and Distribution segment profit of $2.6 and $7.6, respectively, and an increase in Media, Licensing and Advertising segment profit of $2.6 and $7.6, respectively. For the nine months ended February 28, 2005 the Children's Book Publishing and Distribution segment's operating profit reflects a charge of $3.6, primarily due to severance costs related to the Company's fiscal 2004 review of its continuity business.*

(4) *Includes expenditures for property, plant and equipment, investments in prepublication and production costs, royalty advances and acquisitions of, and investments in, businesses.*

(5) *Includes property, plant and equipment, prepublication costs, goodwill, other intangibles, royalty advances, production costs and long-term investments.*

The following table separately sets forth information for the periods indicated for the United States direct-to-home portion of the Company's continuity programs, which consist primarily of the business formerly operated by Grolier Incorporated ("Grolier") and are included in the *Children's Book Publishing and Distribution* segment, and for all other businesses included in the segment:

Three months ended
February 28,

	Direct-to-home		All Other		Total	
	2006	2005 Restated	2006	2005 Restated	2006	2005 Restated
Revenues	$ 34.6	$ 32.8	$ 236.3	$ 239.5	$ 270.9	$ 272.3
Bad debt	7.5	7.2	3.9	4.6	11.4	11.8
Depreciation and amortization	0.0	0.1	3.4	4.1	3.4	4.2
Amortization (1)	0.6	0.3	3.6	4.1	4.2	4.4
Royalty advances expensed	1.8	1.2	4.4	12.8	6.2	14.0
Business profit (loss) (2)	(2.5)	0.7	(0.7)	14.0	(3.2)	14.7
Expenditures for long-lived assets (3)	1.7	2.2	12.3	16.1	14.0	18.3

Nine months ended
February 28,

	Direct-to-home		All Other		Total	
	2006	2005 Restated	2006	2005 Restated	2006	2005 Restated
Revenues	$ 93.0	$ 113.4	$ 877.4	$ 705.7	$ 970.4	$ 819.1
Bad debt	22.0	28.0	11.0	14.1	33.0	42.1
Depreciation and amortization	0.8	0.5	11.9	10.5	12.7	11.0
Amortization (1)	1.2	0.9	11.2	11.6	12.4	12.5
Royalty advances expensed	2.2	2.1	15.1	16.5	17.3	18.6
Business profit (loss) (2)	(13.3)	(4.2)	79.0	45.8	65.7	41.6
Business assets	241.1	232.9	785.2	562.7	1,026.3	795.6
Goodwill	92.4	92.4	38.2	35.5	130.6	127.9
Expenditures for long-lived assets (3)	4.7	6.4	47.2	43.5	51.9	49.9
Long-lived assets (4)	143.6	145.7	188.8	174.8	332.4	320.5

(1) *Includes amortization of prepublication costs.*

(2) *Business profit (loss) represents profit (loss) before interest expense, net and income taxes. For the nine months ended February 28, 2005, Direct-to-home includes a charge of $3.6, primarily due to severance costs related to the Company's fiscal 2004 review of its continuity business.*

(3) *Includes expenditures for property, plant and equipment, investments in prepublication costs, royalty advances and acquisitions of businesses.*

(4) *Includes property, plant and equipment, prepublication costs, goodwill, other intangibles and royalty advances.*

4. Debt

The following table summarizes debt as of the dates indicated:

	February 28, 2006	*May 31, 2005*	*February 28, 2005*
Lines of Credit	$ 30.6	$ 24.7	$ 20.8
Credit Agreement and Revolver	-	-	12.0
5.75% Notes due 2007, net of premium	295.9	303.5	304.0
5% Notes due 2013, net of discount	173.2	173.0	173.0
Other debt	0.3	0.2	0.5
Total debt	**500.0**	**501.4**	**510.3**
Less current portion of long-term debt, lines of credit and short-term debt	(326.8)	(24.9)	(21.3)
Total long-term debt, excluding current portion	$ 173.2	$ 476.5	$ 489.0

The following table sets forth the maturities of the Company's debt obligations as of February 28, 2006 for the remainder of fiscal 2006 and thereafter:

Three-month period ending May 31:	
2006	$ 18.7
Fiscal years ending May 31:	
2007	308.1
2008	-
2009	-
2010	-
Thereafter	173.2
Total debt	**$ 500.0**

Lines of Credit
Certain of Scholastic Corporation's international subsidiaries had unsecured lines of credit available in local currencies equivalent to $65.4 in the aggregate at February 28, 2006, as compared to $64.6 at February 28, 2005 and $61.8 at May 31, 2005. There were borrowings outstanding under these lines of credit equivalent to $30.6 at February 28, 2006, as compared to $20.8 at February 28, 2005 and $24.7 at May 31, 2005. These lines of credit are considered short-term in nature. The weighted average interest rates on the outstanding amounts were 5.7% and 6.1% at February 28, 2006 and 2005, respectively, and 5.4% at May 31, 2005.

Credit Agreement
Scholastic Corporation and its principal operating subsidiary, Scholastic Inc., are parties to an unsecured revolving credit agreement with certain banks (the “Credit Agreement”), which expires on March 31, 2009. The Credit Agreement provides for aggregate borrowings of up to $190.0 (with a right in certain circumstances to increase borrowings to $250.0), including the issuance of up to $10.0 in letters of credit. Interest under this facility is either at the prime rate or at a rate equal to 0.325% to 0.975% over LIBOR (as defined). There is a facility fee ranging from 0.10% to 0.30% and a utilization fee ranging from 0.05% to 0.25% if borrowings exceed 50% of the total facility. The amounts charged vary based upon the Company’s credit rating. The interest rate, facility fee and utilization fee (when applicable) as of February 28, 2006 were 0.675% over LIBOR, 0.20% and 0.125%, respectively. The Credit Agreement contains certain financial covenants related to debt and interest coverage ratios (as defined) and limits dividends and other distributions. There were no borrowings outstanding under the Credit Agreement at February 28, 2006 or May 31, 2005. At February 28, 2005, $12.0 was outstanding under the Credit Agreement at a weighted average interest rate of 3.1% .

Revolver
Scholastic Corporation and Scholastic Inc. are joint and several borrowers under an unsecured revolving loan agreement with a bank (the “Revolver”). The Revolver provides for unsecured revolving credit of up to $40.0 and expires on March 31, 2009. Interest under this facility is either at the prime rate minus 1%, or at a rate equal to 0.375% to 1.025% over LIBOR (as defined). There is a facility fee ranging from 0.10% to 0.30% . The amounts charged vary based upon the Company’s credit rating. The interest rate and facility fee as of February 28, 2006 were 0.725% over LIBOR and 0.20%, respectively. The Revolver contains certain financial covenants related to debt and interest coverage ratios (as defined) and limits dividends and other distributions. There were no borrowings outstanding under the Revolver at February 28, 2006, May 31, 2005 or February 28, 2005.

5.75% Notes due 2007
In January 2002, Scholastic Corporation issued $300.0 of 5.75% Notes (the “5.75% Notes”). The 5.75% Notes are senior unsecured obligations that mature on January 15, 2007. Interest on the 5.75% Notes is payable semi-annually on July 15 and January 15 of each year. The Company may, at any time, redeem all or a portion of the 5.75% Notes at a redemption price (plus accrued interest to the date of the redemption) equal to the greater of (i) 100% of the principal amount, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the date of the redemption. Through February 28, 2006, the Company had repurchased $6.0 of the 5.75% Notes on the open market.

5% Notes due 2013
In April 2003, Scholastic Corporation issued $175.0 of 5% Notes (the “5% Notes”). The 5% Notes are senior unsecured obligations that mature on April 15, 2013. Interest on the 5% Notes is payable semi-annually on April 15 and October 15 of each year. The Company may at any time redeem all or a portion of the 5% Notes at a redemption price (plus accrued interest to the date of the redemption) equal to the greater of (i) 100% of the principal amount, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the date of the redemption.

5. Comprehensive Income (Loss)

The following table sets forth comprehensive income (loss) for the periods indicated:

	Three months ended February 28,		***Nine months ended February 28,***	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Net income (loss)	$ (15.5)	$ (0.8)	$ 30.2	$ 21.2
Other comprehensive income (loss) - foreign currency translation adjustment	0.7	(2.4)	(4.1)	6.6
Comprehensive income (loss)	**$ (14.8)**	**$ (3.2)**	**$ 26.1**	**$ 27.8**

6. Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average Shares of Class A Stock and Common Stock outstanding during the period. Diluted earnings (loss) per share is calculated to give effect to potentially dilutive options to purchase Class A and Common Stock granted pursuant to the Company's stock-based benefit plans that were outstanding during the period. The diluted loss per share was equal to the basic loss per share for the three months ended February 28, 2006 and 2005 because such options would have been antidilutive. The following table summarizes the reconciliation of the numerators and denominators for the basic and diluted earnings (loss) per share computations for the periods indicated:

	Three months ended February 28,		***Nine months ended February 28,***	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Net income (loss) for basic and diluted earnings (loss) per share	$ (15.5)	$ (0.8)	$ 30.2	$ 21.2
Weighted average Shares of Class A and Common Stock outstanding for basic earnings (loss) per share	41.8	40.0	40.8	39.8
Dilutive effect of Class A and Common Stock issued pursuant to stock-based benefit plans	-	-	0.7	0.7
Adjusted weighted average Shares of Class A and Common Stock outstanding for diluted earnings (loss) per share	41.8	40.0	41.5	40.5
Earnings (loss) per share of Class A and Common Stock:				
Basic	$ (0.37)	$ (0.02)	$ 0.74	$ 0.53
Diluted	$ (0.37)	$ (0.02)	$ 0.73	$ 0.52

7. Goodwill and Other Intangibles

Goodwill and other intangible assets with indefinite lives are reviewed for impairment annually, or more frequently if impairment indicators arise.

The following table summarizes the activity in Goodwill for the periods indicated:

	Nine months ended February 28, 2006	*Twelve months ended May 31, 2005*	*Nine months ended February 28, 2005*
Beginning balance	$ 254.2	$ 249.7	$ 249.7
Additions due to acquisitions	-	6.0	-
Other adjustments	(0.6)	(1.5)	1.8
Total	**$ 253.6**	**$ 254.2**	**$ 251.5**

In the twelve months ended May 31, 2005, Additions due to acquisitions includes the purchase price for the acquisition of Chicken House Publishing Ltd. and the accrual for a final payment related to the fiscal 2002 acquisition of Klutz.

The following table summarizes Other intangibles subject to amortization at the dates indicated:

	February 28, 2006	*May 31, 2005*	*February 28, 2005*
Customer lists	$ 3.0	$ 3.0	$ 2.9
Accumulated amortization	(2.8)	(2.8)	(2.7)
Net customer lists	0.2	0.2	0.2
Other intangibles	4.0	4.0	4.0
Accumulated amortization	(2.8)	(2.6)	(2.6)
Net other intangibles	1.2	1.4	1.4
Total	**$ 1.4**	**$ 1.6**	**$ 1.6**

Amortization expense for Other intangibles totaled $0.0 and $0.2 for the three and nine months ended February 28, 2006, respectively, $0.1 and $0.2 for the three and nine months ended February 28, 2005, respectively, and $0.3 for the twelve months ended May 31, 2005. Amortization expense for these assets is currently estimated to total $0.3 for the fiscal year ending May 31, 2006 and $0.2 for each of the fiscal years ending May 31, 2007 through 2010. The weighted average amortization periods for these assets by major asset class are two years for customer lists and twelve years for other intangibles.

The following table summarizes Other intangibles not subject to amortization at the dates indicated:

	February 28, 2006	*May 31, 2005*	*February 28, 2005*
Net carrying value by major class:			
Titles	$ 31.0	$ 31.0	$ 31.0
Licenses	17.2	17.2	17.2
Major sets	11.4	11.4	11.4
Trademarks and Other	17.5	17.5	17.5
Total	**$ 77.1**	**$ 77.1**	**$ 77.1**

8. Pension and Other Post-Retirement Benefits

The following tables set forth components of the net periodic benefit costs under the Company's cash balance retirement plan for its United States employees meeting certain eligibility requirements (the "U.S. Pension Plan"), the defined benefit pension plan of Scholastic Ltd., an indirect subsidiary of Scholastic Corporation located in the United Kingdom (the "U.K. Pension Plan"), the defined benefit pension plan of Grolier Ltd., an indirect subsidiary of Scholastic Corporation located in Canada, and the post-retirement benefits provided by the Company to its retired United States-based employees, consisting of certain healthcare and life insurance benefits for the periods indicated:

	Pension Plans			
	Three months ended February 28,		***Nine months ended February 28,***	
	2006	***2005***	***2006***	***2005***
Components of Net Periodic Benefit Cost:				
Service cost	$ 2.0	$ 2.0	$ 6.1	$ 5.9
Interest cost	2.1	2.1	6.2	6.2
Expected return on assets	(2.2)	(2.4)	(6.6)	(7.2)
Net amortization and deferrals	1.0	0.6	2.9	1.9
Net periodic benefit cost	**$ 2.9**	**$ 2.3**	**$ 8.6**	**$ 6.8**

	Post-Retirement Benefits			
	Three months ended February 28,		***Nine months ended February 28,***	
	2006	***2005***	***2006***	***2005***
Components of Net Periodic Benefit Cost:				
Service cost	$ 0.1	$ 0.1	$ 0.4	$ 0.3
Interest cost	0.5	0.5	1.4	1.6
Amortization of prior service cost	(0.2)	(0.2)	(0.6)	(0.6)
Recognized gain or loss	0.5	0.5	1.4	1.3
Net periodic benefit cost	**$ 0.9**	**$ 0.9**	**$ 2.6**	**$ 2.6**

The Company currently estimates that it will contribute $0.6 to the U.S. Pension Plan in the year ending May 31, 2006. For the nine months ended February 28, 2006, the Company did not make any contributions to the U.S. Pension Plan. The Company currently estimates that Scholastic Ltd. will contribute the equivalent of $1.1 to the U.K. Pension Plan in the fiscal year ending May 31, 2006. For the nine months ended February 28, 2006, Scholastic Ltd. contributed the equivalent of $0.9 to the U.K. Pension Plan.

Overview and Outlook

Scholastic's third fiscal quarter is its second smallest revenue period. For the quarter ended February 28, 2006, revenue increased slightly compared to the prior fiscal year quarter, reflecting increases in the *Media, Licensing and Advertising* and *International* segments, partially offset by declines in the *Children's Book Publishing and Distribution* and *Educational Publishing* segments. Higher expenses in the *Children's Book Publishing and Distribution* segment, primarily in the Company's school-based book club business, and lower educational technology revenues in the *Educational Publishing* segment resulted in a higher net loss for the quarter compared to the prior year period.

For the nine months ended February 28, 2006, revenues and net income increased over the prior fiscal year period by $195.0 million and $9.0 million, respectively, primarily due to higher *Harry Potter* revenues and profits in the *Children's Book Publishing and Distribution* segment.

Based on the results for the quarter and their impact on the remainder of the fiscal year ending May 31, 2006, the Company lowered its forecasts for profitability for the year.

Scholastic is taking a number of actions intended to improve future profitability, including:

- Accelerating company-wide plans to reduce overhead costs by streamlining centralized functions
- Eliminating two of its smaller, less efficient school-based book clubs, Troll/Carnival and Trumpet, and their associated promotion spending
- Closing an in-house call center in the Continuities business and shifting the related outbound telemarketing activity to outside vendors

Results of Operations – Consolidated

Revenues for the quarter ended February 28, 2006 increased $6.9 million, or 1.4%, to $487.7 million, compared to $480.8 million in the prior fiscal year quarter. The increase was due to higher revenues in the *Media, Licensing and Advertising* and *International* segments of $9.2 million and $4.9 million, respectively, partially offset by lower revenues in the *Educational Publishing* and *Children's Book Publishing and Distribution* segments of $5.8 million and $1.4 million, respectively. For the nine months ended February 28, 2006, revenues increased $195.0 million, or 13.1%, to $1,682.8 million, compared to $1,487.8 million in the prior fiscal year period, due to increases in each of the Company's four operating segments, led by $151.3 million in higher revenues from the *Children's Book Publishing and Distribution* segment as a result of the July 2005 release of *Harry Potter and the Half-Blood Prince*, the sixth book in the series.

Cost of goods sold as a percentage of revenues increased to 49.7% for the quarter ended February 28, 2006, as compared to 48.6% in the prior fiscal year quarter, primarily due to the impact of higher sales of lower margin products. For the nine months ended February 28, 2006, Cost of goods sold as a percentage of revenue increased to 49.5%, as compared to 47.8% in the prior fiscal year period, primarily due to costs related to the release of *Harry Potter and the Half-Blood Prince.*

Selling, general and administrative expenses as a percentage of revenue for the quarter ended February 28, 2006 increased to 47.3% from 43.3% in the prior fiscal year quarter, primarily due to an increase in promotional expenses in the *Children's Book Publishing and Distribution* segment. For the nine months ended February 28, 2006, Selling, general and administrative expenses as a percentage of revenues decreased to 40.7% from 41.5% in the prior fiscal year period, primarily due to the revenue benefit from *Harry Potter and the Half-Blood Prince* without a corresponding increase in expense. For the nine months ended February 28, 2005, Selling, general and administrative expenses included a charge of $3.6 million, primarily related to severance costs, recorded in connection with the fiscal 2004 review by the Company of its continuity business (the "Continuity Charges").

Bad debt expense increased to $15.7 million, or 3.2% of revenues, for the quarter ended February 28, 2006, compared to $14.9 million, or 3.1% of revenues, in the prior fiscal year quarter. The higher level of bad debt expense was associated with a large educational services provider in the *Educational Publishing* segment. For the nine months ended February 28, 2006, Bad debt expense decreased to $43.4 million, or 2.6% of revenues, compared to $50.7 million, or 3.4% of revenues, in the prior fiscal year period. The lower level of bad debt expense related primarily to lower bad debt in the Company's continuity business as a result of the Company's previously announced plan for this business to focus on its more productive customers.

Depreciation and amortization expense for the quarter ended February 28, 2006 increased to $16.7 million, or 3.4% of revenues, compared to $15.7 million, or 3.3% of revenues, in the prior fiscal year quarter. For the nine months ended February 28, 2006, Depreciation and amortization expense increased to $49.1 million, or 2.9% of revenues, compared to $46.5 million, or 3.1% of revenues, in the prior fiscal year period. The increases in expense were principally associated with the depreciation of information technology equipment.

The resulting operating loss for the quarter ended February 28, 2006 was $17.8 million, compared to operating income of $7.9 million in the prior fiscal year quarter. For the nine months ended February 28, 2006, the resulting operating income increased $11.9 million, or 19.7%, to $72.3 million, or 4.3% of revenues, compared to $60.4 million, or 4.1% of revenues, in the prior fiscal year period.

The effective income tax rate for the quarter ended February 28, 2006 increased to 37.0%, compared to 33.3% in the prior fiscal year quarter. For the nine months ended February 28, 2006, the effective income tax rate increased to 37.0%, compared to 35.8% in the prior fiscal year period. These increases were primarily due to a higher effective tax rate on foreign earnings and a higher state tax provision.

Net loss was $15.5 million, or $0.37 per diluted share, for the quarter ended February 28, 2006, compared to a net loss of $0.8 million, or $0.02 per diluted share, in the prior fiscal year quarter. For the nine months ended February 28, 2006, net income was $30.2 million, or $0.73 per diluted share, compared to net income of $21.2 million, or $0.52 per diluted share, in the prior fiscal year period.

Results of Operations - Segments

In the fourth quarter of fiscal 2005, the Company reviewed the estimated Cost of goods sold related to products originated by the *Media, Licensing and Advertising* segment that are sold through channels included in the *Children's Book Publishing and Distribution* segment. The Company determined that actual costs were lower and gross margins higher on these products than was previously estimated. As a result, the prior fiscal year quarter inter-segment allocations were adjusted (the "Segment Reallocation"), resulting in higher gross margin and profits in the *Media, Licensing and Advertising* segment with an offsetting decrease in gross margin and profits in the *Children's Book Publishing and Distribution* segment.

Children's Book Publishing and Distribution

The Company's *Children's Book Publishing and Distribution* segment includes the publication and distribution of children's books in the United States through school-based book clubs and book fairs, school-based and direct-to-home continuity programs and the trade channel.

($ amounts in millions)	***Three months ended February 28,***		***Nine months ended February 28,***	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Revenue	$ 270.9	$ 272.3	$ 970.4	$ 819.1
Operating profit (loss)	(3.2)	14.7[(1)]	65.7	41.6[(1)(2)]
Operating margin	*****	**5.4%** [(1)]	**6.8%**	**5.1%** [(1)]

* not meaningful
(1) Reflects the Segment Reallocation.
(2) Includes Continuity Charges related to this segment of $3.6.

Revenues in the *Children's Book Publishing and Distribution* segment for the quarter ended February 28, 2006 were down slightly at $270.9 million, compared to $272.3 million in the prior fiscal year quarter. For the current fiscal year quarter, school-based book club revenues were $105.9 million, a decrease of $4.0 million, compared to the prior fiscal year quarter, due to lower order levels primarily in the Troll/Carnival and Trumpet clubs, and school-based book fair revenues decreased by $1.2 million to $70.6 million. Revenues from the Company's trade business were $43.7 million in the quarter ended February 28, 2006, an increase of $2.4 million compared to the prior fiscal year quarter, primarily due to higher back list revenues, and revenues from the Company's continuity business increased by $1.4 million to $50.7 million.

Segment operating loss for the quarter ended February 28, 2006 was $3.2 million, compared to an operating profit of $14.7 million in the prior fiscal year quarter, principally related to higher promotion expense in the Company's school-based book club business.

Segment revenues for the nine months ended February 28, 2006 increased $151.3 million, or 18.5%, to $970.4 million, compared to $819.1 million in the prior fiscal year period. For the current fiscal year period, the Company's trade business revenues were $311.2 million, an increase of $175.3 million from the prior fiscal year period, and school-based book fair revenues increased by $12.2 million to $238.2 million. Revenues in the Company's continuity business were $134.1 million in the nine months ended February 28, 2006, a decrease of $26.7 million compared to the prior fiscal year period, primarily as a result of the Company's previously announced plan for this business, and revenues from school-based book clubs decreased by $9.5 million to $286.9 million. The increase in trade revenues was principally due to *Harry Potter* revenues of approximately $195 million, as compared to approximately $15 million of *Harry Potter* revenues in the prior fiscal year period.

Segment operating profit for the nine months ended February 28, 2006 improved by $24.1 million to $65.7 million, compared to $41.6 million in the prior fiscal year period. This improvement was primarily due to increased operating profits for the Company's trade business resulting from the higher *Harry Potter* revenues, partially offset by lower operating profits in the Company's school-based book club business as a result of lower revenues and increased promotion expense.

The following highlights the results of the direct-to-home portion of the Company's continuity programs, which consists primarily of the business formerly operated by Grolier and is included in the *Children's Book Publishing and Distribution* segment.

Direct-to-home continuity *($ amounts in millions)*	***Three months ended February 28,***		***Nine months ended February 28,***	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Revenue	$ 34.6	$ 32.8	$ 93.0	$ 113.4
Operating profit (loss)	(2.5)	0.7	(13.3)	(4.2)[1]
Operating margin	*	**2.1%**	*	*

* not meaningful

(1) Includes Continuity Charges related to this business of $3.6.

Revenues from the direct-to-home portion of the Company's continuity business increased by $1.8 million, or 5.5%, to $34.6 million for the quarter ended February 28, 2006, as compared to $32.8 million in the prior fiscal year quarter, and decreased by $20.4 million, or 18.0%, to $93.0 million for the nine months ended February 28, 2006, as compared to $113.4 million in the prior fiscal year period.

Operating losses for the direct-to-home portion of the continuity business were $2.5 million and $13.3 million in the quarter and nine months ended February 28, 2006, respectively, compared to an operating profit of $0.7 million in the prior fiscal year quarter and an operating loss of $4.2 million in the nine months ended February 28, 2005, which included $3.6 million of Continuity Charges.

Excluding the direct-to-home portion of the continuity business, segment revenues decreased by $3.2 million, or 1.3%, to $236.3 million for the quarter ended February 28, 2006, compared to $239.5 million in the prior fiscal year quarter, and increased by $171.7 million, or 24.3%, to $877.4 million for the nine months ended February 28, 2006, compared to $705.7 million in the prior fiscal year period.

Excluding the direct-to-home portion of the continuity business, segment operating loss was $0.7 million in the quarter ended February 28, 2006, compared to an operating profit of $14.0 million in the prior fiscal year quarter, and segment operating profit was $79.0 million in the nine months ended February 28, 2006, compared to an operating profit of $45.8 million in the prior fiscal year period.

Educational Publishing

The Company's *Educational Publishing* segment includes the production and/or publication and distribution to schools and libraries of educational technology products, curriculum materials, children's books, classroom magazines and print and on-line reference and non-fiction products for grades pre-K to 12 in the United States.

($ amounts in millions)	***Three months ended February 28,***		***Nine months ended February 28,***	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Revenue	$ 73.5	$ 79.3	$ 301.0	$ 292.0
Operating profit (loss)	(3.5)	4.9	45.6	48.7
Operating margin	*****	**6.2%**	**15.1%**	**16.7%**

* not meaningful

For the quarter ended February 28, 2006, revenues in the *Educational Publishing* segment decreased $5.8 million, or 7.3%, to $73.5 million, compared to $79.3 million in the prior fiscal year quarter, primarily due to lower revenues from educational technology products, including the Company's *READ 180*® reading intervention program, which the Company believes reflects a shift to a more seasonal selling pattern for this business. Segment revenues for the nine months ended February 28, 2006 increased $9.0 million, or 3.1%, to $301.0 million, compared to $292.0 million in the prior fiscal year period. The increase was related primarily to higher revenues from educational technology products.

Segment operating loss for the quarter ended February 28, 2006 was $3.5 million, compared to segment operating profit of $4.9 million in the prior fiscal year quarter, primarily due to the lower revenues from educational technology products. Segment operating profit for the nine months ended February 28, 2006 decreased by $3.1 million, or 6.4%, to $45.6 million, compared to $48.7 million in the prior fiscal year period, as higher profits from education technology products were more than offset by the lower results in the balance of the segment.

Media, Licensing and Advertising

The Company's *Media, Licensing and Advertising* segment includes the production and/or distribution of software in the United States; the production and/or distribution, primarily by and through Scholastic Entertainment Inc., of programming and consumer products (including children's television programming, videos, software, feature films, promotional activities and non-book merchandise); and advertising revenue, including sponsorship programs.

($ amounts in millions)	***Three months ended February 28,***		***Nine months ended February 28,***	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Revenue	$ 46.4	$ 37.2	$ 116.4	$ 96.7
Operating profit	6.3	4.4(1)	8.3	6.7(1)
Operating margin	**13.6%**	**11.8%** (1)	**7.1%**	**6.9%** (1)

(1) Reflects the Segment Reallocation.

Revenues in the *Media, Licensing and Advertising* segment for the quarter ended February 28, 2006 increased $9.2 million, or 24.7%, to $46.4 million, compared to $37.2 million in the prior fiscal year quarter, reflecting higher revenues in each of the businesses in the segment, led by an increase in revenues from software and multimedia products. Segment revenues for the nine months ended February 28, 2006 increased $19.7 million, or 20.4%, to $116.4 million, compared to $96.7 million in the prior fiscal year period, reflecting higher revenues in each of the businesses in the segment, led by increases in revenues of $6.7 million from software and multimedia products and $6.4 million from television programming.

Segment operating profit for the quarter ended February 28, 2006 increased $1.9 million to $6.3 million, compared to $4.4 million in the prior fiscal year quarter. Segment operating profit for the nine months ended February 28, 2006 increased $1.6 million to $8.3 million, compared to $6.7 million in the prior fiscal year period. These segment operating profit increases were primarily due to higher revenues.

International

The *International* segment includes the publication and distribution of products and services outside the United States by the Company's international operations, and its export and foreign rights businesses.

($ amounts in millions)	***Three months ended February 28,***		***Nine months ended February 28,***	
	2006	**2005**	**2006**	**2005**
		Restated		Restated
Revenue	$ 96.9	$ 92.0	$ 295.0	$ 280.0
Operating profit	2.3	3.0	9.6	19.2
Operating margin	**2.4%**	**3.3%**	**3.3%**	**6.9%**

Revenues in the *International* segment for the quarter ended February 28, 2006 increased $4.9 million, or 5.3%, to $96.9 million, compared to $92.0 million in the prior fiscal year quarter. This increase reflected higher local currency revenue growth in Canada and Australia, equivalent to $3.0 million and $1.9 million, respectively, partially offset by lower local currency revenue in the United Kingdom equivalent to $1.3 million. Segment revenues for the nine months ended February 28, 2006 increased $15.0 million, or 5.4%, to $295.0 million, as compared to $280.0 million in the prior fiscal year period. This increase reflected revenue growth in the Company's export business of $5.8 million and local currency revenue growth in Australia and Canada, equivalent to $4.7 million and $1.5 million, respectively, as well as the favorable impact of foreign currency exchange rates of $3.8 million, partially offset by lower local currency revenues in the United Kingdom equivalent to $7.9 million.

Segment operating profit for the quarter ended February 28, 2006 decreased $0.7 million to $2.3 million, as compared to $3.0 million in the prior fiscal year quarter. This decrease was primarily due to lower local currency operating profits in the United Kingdom equivalent to $2.8 million, partially offset by the favorable impact of foreign currency exchange rates of $1.2 million. Segment operating profit for the nine months ended February 28, 2006 was $9.6 million, a decrease of $9.6 million from $19.2 million in the prior fiscal year period, primarily due to lower local currency operating profits in the United Kingdom, where the Company is implementing a turn-around plan, and in Canada, equivalent to $9.1 million and $1.6 million, respectively.

Seasonality

The Company's school-based book clubs, school-based book fairs and most of its magazines operate on a school-year basis. Therefore, the Company's business is highly seasonal. As a consequence, the Company's revenues in the first and third quarters of the fiscal year generally are lower than its revenues in the other two fiscal quarters. Typically, school-based book club and book fair revenues are greatest in the second quarter of the fiscal year, while revenues from the sale of instructional materials are highest in the first quarter. The Company experiences a substantial loss from operations in the first quarter of each fiscal year.

Liquidity and Capital Resources

The Company’s cash and cash equivalents were $219.5 million at February 28, 2006, compared to $22.1 million at February 28, 2005 and $110.6 million at May 31, 2005.

Cash provided by operating activities was $210.3 million for the nine months ended February 28, 2006, compared to $112.1 million in the prior fiscal year period. This increase was due to favorable changes in working capital accounts in the current fiscal year period and a higher level of net income. Working capital account changes that had a positive impact on cash flows included: Accrued royalties, which increased by $89.2 million in the nine months ended February 28, 2006, compared to an increase of $18.5 million in the prior fiscal year period, primarily due to royalties associated with higher *Harry Potter* revenues that will be paid in the fourth quarter of fiscal 2006; and Accounts payable and other accrued expenses, which increased by $38.1 million during the nine months ended February 28, 2006, compared to a decrease of $26.2 million in the prior fiscal year period, primarily due to accrued expenses associated with *Harry Potter*. Working capital account changes that had a negative impact on cash flows included: Prepaid expenses and other current assets, which increased $33.9 million for the nine months ended February 28, 2006, compared to an increase of $4.0 million in the prior year fiscal period, primarily due to higher income tax payments; and Inventories, which increased $73.3 million during the nine months ended February 28, 2006, compared to an increase of $56.9 million in the prior year fiscal period, primarily due to earlier product purchasing in the Company’s school-based book fairs business.

Cash used in investing activities was $118.4 million for the nine months ended February 28, 2006, compared to $109.8 million in the prior fiscal year period. This increase was due primarily to Additions to property, plant and equipment totaling $46.6 million for the nine months ended February 28, 2006, an increase of $15.2 million over the prior fiscal year period, principally due to increased information technology spending. Acquisition-related payments totaled $3.3 million in the nine months ended February 28, 2006 due to a contingent payment related to the acquisition of Klutz in fiscal 2002.

Cash provided by financing activities was $16.8 million in the nine months ended February 28, 2006, compared to $1.5 million in the prior fiscal year period, an increase of $15.3 million. This increase was due primarily to proceeds received by the Company under its employee stock-based benefit plans totaling $26.0 million in the current fiscal year period, an increase of $11.8 million from $14.2 million in the prior fiscal year period.

Due to the seasonality of its business as discussed under “Seasonality” above, the Company experiences negative cash flow in the June through October time period. As a result of the Company’s business cycle, seasonal borrowings have historically increased during June, July and August, have generally peaked in September or October, and have been at their lowest point in May.

The Company believes its existing cash position, combined with funds generated from operations and available under the Credit Agreement and the Revolver, described in “Financing” below, will be sufficient to finance its ongoing working capital requirements. The Company anticipates refinancing its debt obligations prior to their respective maturity dates, including its outstanding 5.75% Notes due in January 2007, to the extent not paid through cash flow.

Financing

Scholastic Corporation and Scholastic Inc. are parties to an unsecured revolving credit agreement with certain banks (the “Credit Agreement”), which expires on March 31, 2009. The Credit Agreement provides for aggregate borrowings of up to $190.0 million (with a right in certain circumstances to increase borrowings to $250.0 million), including the issuance of up to $10.0 million in letters of credit. Interest under this facility is either at the prime rate or a rate equal to 0.325% to 0.975% over LIBOR (as defined). There is a facility fee ranging from 0.10% to 0.30% and a utilization fee ranging from 0.05% to 0.25% if borrowings exceed 50% of the total facility. The amounts charged vary based upon the Company’s credit rating. The interest rate, facility fee and utilization fee (when applicable) as of February 28, 2006 were 0.675% over LIBOR, 0.20% and 0.125%, respectively. The Credit Agreement contains certain financial covenants related to debt and interest coverage ratios (as defined) and limits dividends and other distributions. There were no borrowings outstanding under the Credit Agreement at February 28, 2006 or May 31, 2005. At February 28, 2005, $12.0 million was outstanding under the Credit Agreement at a weighted average interest rate of 3.1% .

Scholastic Corporation and Scholastic Inc. are joint and several borrowers under an unsecured revolving loan agreement with a bank (the “Revolver”). The Revolver provides for unsecured revolving credit of up to $40.0 million and expires on March 31, 2009. Interest under this facility is either at the prime rate minus 1%, or at a rate equal to 0.375% to 1.025% over LIBOR (as defined). There is a facility fee ranging from 0.10% to 0.30% . The amounts charged vary based upon the Company’s credit rating. The interest rate and facility fee as of February 28, 2006 were 0.725% over LIBOR and 0.20%, respectively. The Revolver contains certain financial covenants related to debt and interest coverage ratios (as defined) and limits dividends and other distributions. There were no borrowings outstanding under the Revolver at February 28, 2006, May 31, 2005 or February 28, 2005.

Unsecured lines of credit available in local currencies to certain of Scholastic Corporation’s international subsidiaries were, in the aggregate, equivalent to $65.4 million at February 28, 2006, as compared to $64.6 million at February 28, 2005 and $61.8 million at May 31, 2005. These lines are used primarily to fund local working capital needs. There were borrowings outstanding under these lines of credit equivalent to $30.6 million at February 28, 2006, as compared to $20.8 million at February 28, 2005 and $24.7 million at May 31, 2005. These lines of credit are considered short-term in nature. The weighted average interest rates on the outstanding amounts were 5.7% and 6.1% at February 28, 2006 and 2005, respectively, and 5.4% at May 31, 2005.

The Company's total debt obligations at February 28, 2006 and February 28, 2005 were $500.0 million and $510.3 million, respectively. The Company's total debt obligations at May 31, 2005 were $501.4 million. Through February 28, 2006, the Company had repurchased $6.0 million of its 5.75% Notes due 2007 on the open market. For a more complete description of the Company's debt obligations, see Note 4 of Notes to Condensed Consolidated Financial Statements – Unaudited in Item 1, "Financial Statements."

Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements are subject to various risks and uncertainties, including the conditions of the children's book and educational materials markets and acceptance of the Company's products within those markets, and other risks and factors identified in this Report, in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2005, and from time to time in the Company's other filings with the Securities and Exchange Commission (the "SEC"). Actual results could differ materially from those currently anticipated.

The Company has operations in various foreign countries. In the normal course of business, these operations are exposed to fluctuations in currency values. Management believes that the impact of currency fluctuations does not represent a significant risk in the context of the Company's current international operations. In the normal course of business, the Company's operations outside the United States periodically enter into short-term forward contracts (generally not exceeding an amount equivalent to $20.0 million in the aggregate) to match selected purchases not denominated in their respective local currencies.

Market risks relating to the Company's operations result primarily from changes in interest rates, which are managed through the mix of variable-rate versus fixed-rate borrowings. Additionally, financial instruments, including swap agreements, have been used to manage interest rate exposures. Approximately 6% of the Company's debt at both February 28, 2006 and 2005 bore interest at a variable rate and was sensitive to changes in interest rates, compared to approximately 5% at May 31, 2005. The Company is subject to the risk that market interest rates and its cost of borrowing will increase and thereby increase the interest charged under its variable-rate debt, as well as the risk that variable-rate borrowings will represent a larger portion of total debt in the future.

Additional information relating to the Company's outstanding financial instruments is included in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The following table sets forth information about the Company's debt instruments as of February 28, 2006 (see Note 4 of Notes to Condensed Consolidated Financial Statements - Unaudited in Item 1, "Financial Statements"):

($ amounts in millions)				**Fiscal Year Maturity**			
	2006	**2007**	**2008**	**2009**[1]	**2010**	**Thereafter**	**Total**
Debt Obligations							
Lines of credit	$ 18.4	$ 12.2	$ -	$ -	$ -	$ -	$ 30.6
Average interest rate	6.3%	5.2%					
Long-term debt including current portion:							
Fixed-rate debt	$ 0.3	$ 294.0	$ -	$ -	$ -	$ 175.0	$ 469.3
Average interest rate	5.12%	5.75%				5.0%	

(1) At February 28, 2006, no borrowings were outstanding under the Credit Agreement or the Revolver, which have credit lines totaling $230.0 million and expire in fiscal 2009.

Item 4. Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of Scholastic Corporation, after conducting an evaluation, together with other members of the Company's management, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of February 28, 2006, have concluded that the Corporation's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Corporation in its reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and accumulated and communicated to members of the Company's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. There was no change in the Corporation's internal control over financial reporting that occurred during the quarter ended February 28, 2006 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II – OTHER INFORMATION

SCHOLASTIC CORPORATION
Item 6. Exhibits

Exhibits:

10.1	Scholastic Corporation Directors' Deferred Compensation Plan, as amended and restated effective January 1, 2005.
10.2	Deferred Compensation Agreement between Scholastic Inc. and Ernest Fleishman, as amended and restated effective January 1, 2005.
31.1	Certification of the Chief Executive Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of the Chief Executive Officer and Chief Financial Officer of Scholastic Corporation furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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

SCHOLASTIC CORPORATION
(Registrant)

Date: April 7, 2006

/s/ Richard Robinson

Richard Robinson
Chairman of the Board,
President, and Chief
Executive Officer

Date: April 7, 2006

s/ Mary A. Winston

Mary A. Winston
Executive Vice President and
Chief Financial Officer

Exhibit Number	Description of Document
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Exhibit 10.1

Scholastic Corporation

Directors’ Deferred Compensation Plan

Amended and Restated Effective January 1, 2005

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Scholastic Corporation
Directors' Deferred Compensation Plan

Article 1. Introduction.

1.1 Establishment. Scholastic Corporation, a Delaware corporation (the "Company") established the Scholastic Corporation 1995 Directors' Deferred Compensation Plan (the "Plan") effective as of October 1, 1995 (the "Effective Date"). The Company has amended the Plan from time to time since its adoption. The plan was last amended and restated effective as of May 25, 1999.

1.2 Purpose. The primary purpose of the Plan is to provide Directors of the Company with the opportunity to voluntarily defer all or a portion of their Compensation, subject to the terms of the Plan. By adopting the Plan, the Company desires to enhance its ability to attract and retain Directors of outstanding competence. All capitalized terms not defined herein shall have the meanings set forth in Article 2 of the Plan.

1.3 Restatement. The Company hereby amends and restates the Plan to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended effective January 1, 2005. The amended and restated Plan shall be re-named the "Scholastic Corporation Directors' Deferred Compensation Plan." The effective date of this amendment and restatement of the Plan is January 1, 2005.

1.4 Effect of Restatement; Plan Bifurcation. Deferrals made under the Plan on and after January 1, 2005 shall be made in accordance with, and shall be governed by, the terms and conditions of the plan document as set forth herein. Deferrals made under the Plan prior to January 1, 2005 and all earnings thereon shall be governed by the terms and conditions of the Plan as in effect on December 31, 2004. The Plan, as in effect immediately prior to January 1, 2005 shall be known and referred to as the "Grandfathered Plan."

1.5 Section 409A of the Code. This Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any payment or benefit hereunder is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in this Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void.

Article 2. Definitions

Whenever used herein, the following terms shall have the meanings set forth below, and, when the defined meaning is intended, the term is capitalized:

(a) "Board" or "Board of Directors" means the Board of Directors of the Company.

(b) "Chairperson Fees" means fees paid by the Company to a Director, in cash, for serving as Chairperson of a Board Committee during the relevant Plan Year and which is exclusive of any Retainer or Meetings Fees earned during such Plan Year.

(c) "Change in Control" of the Company means, and shall be deemed to have occurred upon, any of the following events:

(i) a "change in ownership of the Company" which means the date that any one person, or more than one person acting as a group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; provided, that, if any one person or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company (or to cause a "change in the effective control" (as defined in subsection (ii) below). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this section.

(ii) a "change in effective control of the Company," which means the date that either: (A) any one person, or more than one person acting as a group (as defined below), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company; or (B) a majority of members of the Board are replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election.

(iii) a "a change in the ownership of a substantial portion of the Company's assets," which means the date that any one person, or more than one person acting as a group (as defined below), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Notwithstanding the foregoing, a Change of Control shall not occur when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided

in this paragraph (iii). A transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to:

(a) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(b) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company; or

(c) A person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(d) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (c).

Persons will not be considered to be acting as a group solely because they purchase assets of the same corporation at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of assets, or similar business transaction with the corporation. If a person, including an entity shareholder, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only to the extent of the ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

Notwithstanding the foregoing, an event shall not be considered to be a "Change of Control for Payment Purposes" if, for purposes of Section 409A of the Code, such event would not be considered to be a "Change in Control Event" under Section 409A of the Code or IRS Notice 2005-1.

(d) "Code" means the Internal Revenue Code of 1986, as amended. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

(e) "Company" means Scholastic Corporation, a Delaware corporation.

(f) "Compensation" means the Retainer, Meeting Fees and, if applicable, Chair- person Fees payable to a Participant by the Company for services performed as a Director during a Plan Year. In no event, however, shall amounts paid in the form of Company stock or stock options qualify as Compensation eligible for deferral under the Plan.

(g) "Director" means each member of the Board of Directors of the Company who receives a Retainer and Meeting Fees for service on the Board of Directors.

(h) “Disability” means the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that may result in death and, in any case, is expected to continue for a period of not less than 12 months.

(i) “Effective Date” means the date the Plan became effective, as set forth in Section 1.1 herein.

(j) “Grandfathered Plan” means the terms and provisions of the Plan in effect immediately prior to the Restatement Effective Date.

(k) “Meeting Fees” means fees paid by the Company to a Director, in cash, for attendance at Board and various Board committee meetings during the relevant Plan Year, and which is exclusive of any Retainer or Chairperson Fees earned during such Plan Year. For the purposes of the Plan, “Meeting Fees” shall not include any fees paid or payable in Company stock or stock options.

(l) “Participant” means any Director who is actively participating in the Plan.

(m) “Plan” means the Scholastic Corporation Directors’ Deferred Compensation Plan.

(n) “Plan Administrator” means the executive(s) appointed by the Board pursuant to Section 3.1 hereof to administer certain provisions of the Plan as set forth herein and shall initially be the Vice President of Human Resources of Scholastic Inc.

(o) “Plan Year” means the fiscal year of the Company beginning on June 1st and ending on May 31st .

(p) “Restatement Effective Date” means January 1, 2005.

(q) “Retainer” means the annual cash retainer paid by the Company and earned by a Director during the relevant Plan Year with respect to the Director’s service on the Board, and which is exclusive of Meeting Fees or Chairperson Fees earned during such Plan Year. For purposes of the Plan, “Retainer” shall not include any retainer paid or payable in Company stock or stock options.

(r) “Transition Relief” means the extended time period permitted by Q&A-21 of Notice 2005-1 issued by the Internal Revenue Service in which a valid deferral election could be made with respect to compensation to be earned in, or during a portion of, calendar year 2005.

Article 3. Administration

3.1 Administration of the Plan. The Plan shall be administered by, and in the sole and absolute discretion of, the Board. Subject to the provisions set forth herein, the Board shall take such actions as are required or permitted to be taken by it hereunder and shall have full and complete discretionary authority to interpret the Plan, to determine the rights of each Director and the eligibility of a Director to participate in the Plan, the amount of benefits payable to a Director

and the terms and conditions of each Director's participation in the Plan; to construe and interpret the Plan and any agreement or instrument entered into under the Plan, including any unclear, uncertain or disputed terms thereof; to establish, amend, waive or rescind rules and regulations for the Plan's administration; to amend (subject to the provisions of Article 9 herein) the terms and conditions of the Plan and any agreement or instrument entered into under the Plan and to make all other determinations which may be necessary or advisable for the administration of the Plan. The Board may employ accountants and counsel and other persons to assist or render advice to it, all at the expense of the Company.

Subject to the terms of the Plan, the Board may delegate any or all of its authority granted under the Plan to an executive or executives of the Company. The executive or executives to whom the Board has delegated authority to administer the Plan shall be the Plan Administrator.

3.2 Decisions Binding. All determinations and decisions of the Board or the Plan Administrator, as applicable, as to any disputed question or any other issue arising under the Plan, including questions of construction and interpretation, shall be final, conclusive, and binding on all parties.

3.3 Indemnification. Each person who is or shall have been a member of the Board, each person who is or shall have been the Plan Administrator and each executive to whom authority is or has been delegated by the Board pursuant to the Section 3.1, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party, or in which he or she may be involved by reason of any action taken or failure to act under the Plan. The Company shall, subject to the requirements and limitations of Delaware law, pay such loss, cost, liability or expense imposed on or incurred by such person promptly upon demand by him or her, whether or not he or she has actually advanced such amount prior thereto.

The Company shall also indemnify each such person who is or shall have been a member of the Board, each such person who is or shall have been the Plan Administrator and each executive to whom authority is or has been delegated by the Board pursuant to Section 3.1, against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Article 4. Eligibility and Participation

4.1 Eligibility. Each person who was a Director of the Company immediately prior to the Restatement Effective Date shall be eligible to participate in the Plan on and after the

Restatement Effective Date. Each other person who becomes a member of the Board of Directors on or after the Restatement Effective Date shall be eligible to participate in the Plan.

4.2 Inactive Participant. In the event a Participant no longer meets the requirements for eligibility to participate in the Plan, such Participant shall become an inactive Participant retaining all of the rights described under the Plan, except the right to make any further deferrals hereunder. In the event a Director shall cease to serve as a member of the Board of Directors but shall be designated as a Director Emeritus, such Director shall become an inactive Participant, and, as a result of such change in status, the Director shall not be eligible to make further deferrals under the Plan but shall not be deemed to have terminated service as a Director until such time as his or her Director Emeritus status shall terminate.

4.3 Participation. The Plan Administrator shall notify a Director as soon as practicable after he or she first becomes eligible to participate in the Plan. At such time, the Plan Administrator shall provide such Director with an Election to Defer Form which shall be submitted by the Director as provided in Sections 5.2 hereof. Except as otherwise provided in Section 4.4 below, a Director, once notified of eligibility to participate in the Plan, shall be entitled to make deferrals with respect to each subsequent Plan Year by submitting an Election to Defer Form to the Plan Administrator in the time and manner provided in Section 5.2.

4.4 Partial Plan Year Participation. In the event a Director first becomes eligible to participate in the Plan after the beginning of a Plan Year, the Committee may, in its discretion, allow such Director to complete an Election to Defer Form within thirty (30) days after the date the Director first becomes eligible to participate, in which case the deferral election shall be valid and applicable for the Plan Year then in progress. An Election to Defer Form submitted pursuant to this Section 4.3 shall apply only to Compensation earned subsequent to the date on which a valid Election to Defer Form is received by the Board from the Participant.

4.5 Special Deferral Election for 2005 Plan Year. Each Director who was a participant in the Grandfathered Plan immediately prior to the Restatement Effective Date shall be eligible to participate in the Plan on and after the Restatement Effective Date provided the Director makes an election, on or before March 15, 2005 pursuant to the Transition Relief, to defer Compensation under the Plan with respect to the Plan Year beginning on June 1, 2005.

Article 5. Deferral Opportunity

5.1 Amount Which May Be Deferred. A Participant may elect to defer fifty percent (50%) or one hundred percent (100%) of his or her aggregate Compensation in any Plan Year.

5.2 Deferral Election. A Participant may make an election to defer Compensation under the Plan with respect to a Plan Year provided he or she makes such election prior to December 31 of the calendar year preceding such Plan Year or not later than thirty (30) calendar days after the date the Director initially became eligible to participate in the Plan, as applicable. All deferral elections shall be irrevocable and shall be made on an Election to Defer Form, as described herein, which shall specify, with regard to the applicable Plan Year, the following: (i) the percentage of Compensation which the Participant elects to defer and (ii) the deferral period, as described in Section 5.4 below. A deferral election must be submitted to the Plan

Administrator on a timely basis in order to be given effect. Once a Participant has submitted an Election to Defer Form, the Participant may only revoke or change the deferral election if he or she notifies the Plan Administrator in writing of the revocation or change prior to December 31 of the calendar year preceding the Plan Year for which the revocation or change is to be effective. All amounts deferred under the Plan for a particular Plan Year shall be paid to the Participant (or Beneficiary) in a single sum cash payment.

5.3 Length of Deferral. Except as otherwise provided herein, all deferrals hereunder and earnings thereon shall be maintained in deferred status until the later of: (a) the expiration of the deferral period (which may not exceed 15 years) specified by the Director in the Election to Defer Form or (b) termination of the Director's service for any reason other than death or Disability. Notwithstanding the foregoing provisions, in the event of the termination of the Director's service due to Disability or death, payments of all deferred amounts plus earnings thereon shall be made to the Director (or his or her Beneficiary) as soon as administratively feasible after the date of the Director's termination of service.

5.4 Change in Deferral Period. A Participant may elect to extend the deferral period and thereby defer payment of the deferred amount plus earnings thereon provided that the Participant's subsequent deferral election: (i) may not be effective until 12 months after the date the subsequent election is made; (ii) the subsequent election must be made at least 12 months prior to the date the payment would otherwise be made; (iii) the payment is delayed by at least five years from the original payment date under Section 5.4 (or any subsequent election); and (iv) the original deferral period together with any subsequent deferral period does not provide for the deferral of any Compensation for more 15 years after the date the Compensation would have been paid to the Director in the absence of an deferral election under the Plan.

5.5 Payments of Deferred Amounts. Each Participant shall receive payment of the deferred amounts, together with earnings accrued thereon, pursuant to Section 6.2, at the end of the applicable deferral period, as determined under Section 5.4. Each payment for a particular Plan Year shall be made in cash, in a single sum payment, as soon as administratively feasible after the date specified for payment as determined under Section 5.4.

Notwithstanding the foregoing, any unpaid deferred amounts and accumulated earnings thereon shall be paid to the Participant in the event that, at any time prior to full payment of such deferred amounts and earnings thereon, a Change in Control of the Company occurs. In such event, payments of all deferred amounts plus earnings thereon shall be made to all Participants in single sum cash payments as administratively feasible after the effective date of the Change in Control, as applicable.

5.6 Unforeseeable Emergency. If a Participant suffers an unforeseen emergency, as defined herein, the Board, in its sole discretion, may pay as soon as administratively feasible to the Participant only that portion, if any, of his or her account that the Board determines is necessary to satisfy the emergency need, including any amounts necessary to pay any federal, state or local income taxes reasonably anticipated to result from the distribution. A Participant requesting an emergency payment shall apply for the payment in writing in a form approved by the Plan Administrator and shall provide such additional information as the Plan Administrator may require. For purposes of this paragraph, "unforeseen emergency" means a severe financial

hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as described in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances constituting an unforeseeable emergency shall depend on the facts of each case, but, in any event, shall not be made to the extent that such emergency is or may be relieved: (a) through liquidation or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (c) by cessation of deferrals under a cash-or-deferred arrangement maintained by the Participant's current employer.

In addition to the requirements set forth in clauses (a), (b), and (c) above, as a precondition to an unforeseen emergency, a Participant must have obtained all distributions, other than hardship distributions of salary reduction contributions under a cash-or-deferred arrangement maintained by any employer pursuant to a plan qualified under Section 401(a) of the Code which contains a cash-or-deferred arrangement and other than in-service withdrawals resulting in a forfeiture, currently available under all plans maintained by any employer.

Article 6. Deferred Compensation Accounts

6.1 Participants' Accounts. The Company shall establish and maintain an individual bookkeeping account for deferrals made by each Participant, and earnings thereon, under Article 5 herein. Each account shall be credited as of the date the amount deferred otherwise would have become due and payable to the Participant. The term "account" and other measures representing the value of a Director's deferrals under the Plan are bookkeeping entries only and shall not constitute property of any kind or any interest in the Company or specific assets thereof.

6.2 Earnings on Deferred Amounts. Compensation deferred under the Plan shall accrue interest on a quarterly basis at a rate equal to the 30-year Treasury Bill rate of interest in effect as of the first business day of each calendar quarter (or, if such rate is not available, interest shall accrue at a rate determined by Scholastic to be equivalent to the investment yield of a 30-year Treasury Bill for such period). Each Participant's deferred compensation account shall be credited on the last day of each calendar quarter until all deferrals have been paid, with interest computed on the average balance in the account during such quarter. Interest earned on deferred amounts shall be paid out to Participants at the same time and in the same manner as the underlying deferred amounts.

6.3 Charges Against Accounts. There shall be charged against each Participant's deferred compensation account any payments made to the Participant or to his or her beneficiary.

Article 7. Beneficiary Designation

Each Participant shall designate a beneficiary or beneficiaries who, upon the Participant's death, will receive the amounts that otherwise would have been paid to the Participant under the Plan. All designations shall be signed by the Participant, and shall be in such form as prescribed

by the Board. Each designation shall be effective as of the date delivered to a Company employee so designated by the Board.

Participants may change their designations of beneficiary on such form as prescribed by the Board. The payment of amounts deferred under the Plan shall be in accordance with the last unrevoked written designation of beneficiary that has been signed by the Participant and delivered by the Participant to the designated employee prior to the Participant's death.

In the event that all the beneficiaries named by a Participant pursuant to this Article 7 predecease the Participant, the deferred amounts that would have been paid to the Participant or the Participant's beneficiaries under the Plan shall be paid to the Participant's estate.

In the event a Participant does not designate a beneficiary, or for any reason such designation is ineffective, in whole or in part, the amounts that otherwise would have been paid to the Participant or the Participant's beneficiaries under the Plan shall be paid to the Participant's estate.

Article 8. Rights of Participants

8.1 Contractual Obligation. The Plan shall create a contractual obligation on the part of the Company to make payments from the Participants' accounts when due. Payment of account balances shall be made out of the general funds of the Company.

8.2 Unfunded Plan. The Plan constitutes an unfunded, unsecured promise of the Company to make payments in the future of the amounts deferred under the Plan and is intended to constitute a nonqualified deferred compensation plan which is unfunded for tax purposes and for the purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Nothing contained in the Plan and no action taken pursuant to the provisions of the Plan shall create, or be construed to create, a trust of any kind, a fiduciary relationship between the Company and any Director or any other person. No special or separate fund shall be established or other segregation of assets made to assure payment of deferred amounts hereunder. No Director or any other person shall have any preferred claim on, or beneficial ownership interest in, any assets of the Company prior to the time that deferred amounts are paid to the Director as provided herein. The rights of a Director to receive benefits from the Company shall be no greater than any general unsecured creditor of the Company.

8.3 Service as a Director. Neither the establishment of the Plan, nor any action taken hereunder, shall in any way obligate (i) the Company to nominate a Director for reelection or to continue to retain a Director; or (ii) a Director to agree to be nominated for reelection or to continue to serve on the Board.

Article 9. Amendment and Termination

The Company hereby reserves the right to amend, modify, or terminate the Plan at any time by action of the Board. No such amendment or termination shall in any material manner adversely affect any Participant's rights to deferred amounts or interest earned thereon, without the consent of the Participant.

Article 10. Miscellaneous

10.1 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Plan Administrator with a copy to sent to the Corporate Secretary of the Company. Such notice, if mailed, shall be addressed to the principal executive offices of the Company. Notice mailed to a Participant shall be at such address as is given in the records of the Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.2 Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

10.3 Nontransferability. Participants' rights to deferred amounts, contributions, and investment return earned thereon under the Plan may not be sold, transferred, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. In no event shall the Company make any payment under the Plan to any assignee or creditor of a Participant.

10.4 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.5 Costs of the Plan. All costs of implementing and administering the Plan shall be borne by the Company.

10.6 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular, and the singular shall include the plural.

10.7 Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule, subject to preemption by ERISA.

DEFERRED COMPENSATION AGREEMENT

**(As Amended and Restated
Effective January 1, 2005)**

THIS DEFERRED COMPENSATION AGREEMENT ("Agreement") originally made and entered into in the City of New York, State of New York, on the 31st day of July 1989, by and between Scholastic Inc., a New York corporation ("Scholastic"), and Ernest Fleishman, an individual residing in the State of Connecticut ("Employee") is hereby amended and restated effective as of January 1, 2005 primarily in order to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Code"). For purposes of clarity and consistency, the Agreement, as in effect immediately prior to January 1, 2005, shall be referred to and known as the "Grandfathered Agreement" and the Agreement, as amended and restated and as set forth herein, shall be referred to and known as the "Deferred Compensation Agreement."

IN CONSIDERATION of the foregoing and the mutual agreements herein, the parties agree as follows:

1. Purpose of Agreement. The purpose of the Deferred Compensation Agreement is to continue to provide a means for the Employee to make elective deferrals of base salary during his employment with Scholastic. Elective deferrals made by the Employee on and after January 1, 2005, and all earnings thereon, shall be made in accordance with, and shall be governed by, the terms and conditions of the Deferred Compensation Agreement. Deferrals made by the Employee prior to January 1, 2005, and all earnings thereon, shall be governed by the terms and conditions of the Grandfathered Agreement.

2. Section 409A of the Code. This Deferred Compensation Agreement is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited,

construed and interpreted in accordance with such intent. To the extent that any payment or benefit hereunder is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in this Deferred Compensation Agreement that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void.

3. Deferral Election. *Deferral Amount.* The Employee may elect to defer a dollar amount of his annual base salary with respect to a calendar year by completing a written election form and filing it with the Corporate Benefits Department of Scholastic on or before December 31st of the calendar year immediately preceding the calendar year in which the elective deferral will be effective; provided, however, that the Employee shall be permitted to make an effective deferral election with respect to the annual base salary he earned prior to December 31, 2005, by filing his written deferral election with the Corporate Benefits Department of Scholastic on or before March 15, 2005, in accordance with the transition relief provided by the Internal Revenue Service in Q&A-21 of Notice 2005-1. Once a deferral election is made in accordance with this Paragraph 3, the Employee may only revoke or change it if the Employee notifies the Corporate Benefits Department of Scholastic in writing of the revocation or change in the deferral election prior to December 31st of the calendar year immediately preceding the calendar year for which the revocation or change in deferral election is to be effective. To the extent that the Employee elects to defer a portion of his base salary, Scholastic shall reduce the Employee's base salary in

accordance with the Employee's deferral election and amounts deferred hereunder shall be credited to the "Account" (as defined in Paragraph 10 below) established for the Employee.

Interest. On the first day of each calendar year, Scholastic shall also credit to the Account as interest an additional amount at the rate equal to the average of 30-year Treasury bonds as of the last day of each month of the preceding calendar year as reported in The New York Times (or, if such rate is not reported, an annual interest rate determined by Scholastic to be equivalent to the average investment yield of 30-year Treasury bonds for such period) multiplied by the average monthly balance of the Account during the preceding year. (See attached example.) Interest shall be credited in accordance with the foregoing sentence until all amounts credited to the Account have been distributed.

4. Payment of Deferred Amounts. Subject to the provisions of Paragraph 5 below, payment of the deferred salary and additional amounts credited to the Account as interest shall not commence to be made to the Employee until the Initial Disbursement Date (as defined herein) and shall be made in quarterly installments over a five-year period following the Initial Disbursement Date. The amount of each quarterly installment shall be computed by dividing the balance of the Account (including interest) by the number of installments remaining to be paid under the agreement. For purposes of this Deferred Compensation Agreement, the term "Initial Disbursement Date" shall be the date of the Employee's termination of employment with Scholastic; provided, however, that if the Initial Disbursement Date is determined when the Employee is a "key employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, the first installment payment otherwise payable to the Employee hereunder shall be delayed by six calendar months.

5. Payment Upon Death or Disability. Notwithstanding the provisions of Paragraph 4, in the event of the Employee's death or "Disability" (as defined below) while there remains unpaid any portion of the Account, the unpaid balance of the Account shall be paid in a single sum cash payment to Employee's executors or administrators, in the event of his death or to the Employee, in the event of his "Disability," as soon as practicable following such event. For purposes of this Agreement, the term "Disability" means the inability of the Employee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that may result in death and, in any case, is expected to continue for a period of not less than 12 months.

6. Non-Assignment of Benefits. No amounts credited to the Account and no payments to be made hereunder may be assigned, sold, transferred, pledged, charged, commuted, encumbered or otherwise alienated by Employee, to the extent permitted by law, and no such amount or payment shall in any way be subject to any legal process or subject to the payment of any claims against the Employee. In no event shall the Employee have the right to recover any amounts of salary credited to the Account otherwise than in accordance with this agreement.

7. Unforeseeable Emergency. In the event that Employee incurs an "Unforeseeable Emergency," (as defined herein) Scholastic, in its sole discretion, may revise the payment schedule to pay Employee only that portion, if any, of his Account that Scholastic determines necessary to satisfy the emergency need, including any amounts necessary to pay any federal, state or local income taxes reasonably anticipated to result from the distribution.

For purposes of this Deferred Compensation Agreement, the term "Unforeseeable Emergency" means a severe financial hardship to the Employee resulting from a sudden and unexpected illness or accident of the Employee or of a dependent (as described in Section 152(a)

of the Code) of the Employee, loss of the Employee's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Employee. The circumstances constituting an Unforeseeable Emergency shall depend on the facts of each case, but, in any event, shall not exist to the extent that such emergency is or may be relieved: (a) through liquidation or compensation by insurance or otherwise, (b) by liquidation of the Employee's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (c) by cessation of deferrals under this Deferred Compensation Agreement (or any other cash-or-deferred arrangement maintained by Scholastic in which the Employee participates).

8. Taxes. All federal, state or local income or payroll taxes (including all taxes required under the Federal Insurance Contributions Act) that Scholastic determines are required to be withheld from any amount allocated to the Account or from any payments made pursuant to this Deferred Compensation Agreement shall be withheld.

9. Administration. The Human Resources and Compensation Committee of the Board of Directors of Scholastic ("HRCC") shall be responsible for the administration of the deferral program memorialized in this agreement. The HRCC has initially delegated authority to administer the deferral program in this Agreement to the Vice President of Human Resources of Scholastic.

10. Miscellaneous. For purposes of this Deferred Compensation Agreement, the term "Account" means a bookkeeping entry maintained by Scholastic of the amounts of salary deferred hereunder, additions credited thereon, and installments paid under this agreement. The foregoing Account shall be separate from the account established pursuant to the terms of the

Grandfathered Agreement. The use of the word "Account" does not contemplate or imply any segregation by Scholastic of any monies or their assets, nor shall it be deemed to mean that any amount credited to the Account is the property of Employee. The right of the Employee to receive amounts deferred under this Deferred Compensation Agreement shall be no greater than the right of an unsecured general creditor against the assets of Scholastic. Nothing contained in this Deferred Compensation Agreement and no action taken pursuant to its provisions shall in any way be deemed to create a trust of any kind or a fiduciary relationship between Scholastic and the Employee and no assets of Scholastic shall be subject to any prior claim by the Employee or his beneficiary to assure payment of amounts deferred under this Deferred Compensation Agreement. All payments under this Deferred Compensation Agreement shall be paid in cash from the general funds of Scholastic. It is the intent of the parties hereto that this Deferred Compensation Agreement be treated as unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

11. Successors and Assigns. This Deferred Compensation Agreement shall be binding upon and inure to the benefit of the Employee and Scholastic and their respective successors and assigns. This Deferred Compensation Agreement contains the full understanding of the parties with respect to its subject matter and may not be modified or amended, except by a written agreement executed by both parties. This Deferred Compensation Agreement has been executed and delivered in the State of New York and its validity, interpretation, performance and enforcement shall be governed by the laws of the State of New York, subject to preemption by ERISA.

12. Employment Rights. Nothing contained in this Deferred Compensation Agreement shall confer upon the Employee a right to be employed or to continue in the employ

of Scholastic or interfere in any way with the right of the Scholastic to terminate the employment of the Employee at any time.

13. Amendment and Termination. Scholastic reserves the right to amend, modify or terminate the Plan at any time by action of the HRCC. However, no such amendment or termination shall in any material manner adversely affect the Employee's rights to deferred amounts or interest earned thereon, without the Employee's written consent.

IN WITNESS WHEREOF, the parties to this amended and restated Deferred Compensation Agreement have subscribed their names.

Executed in duplicate, effective as of January 1, 2005 on this __ day of _____________, 2006.

SCHOLASTIC INC.

By /s/ Richard Robinson
Name: Richard Robinson
Title: President

/s/ Ernest B. Fleishman
Ernest B. Fleishman

EXAMPLE

INTEREST CALCULATION

MONTH	(a) ACCOUNT BALANCE	(b) INT RATE 30-YEAR TREAS BOND
JAN	10,000	8.10%
FEB	12,000	8.25%
MAR	14,000	8.30%
APR	16,000	8.20%
MAY	18,000	8.15%
JUNE	20,000	8.00%
JUL	22,000	8.25%
AUG	24,000	8.50%
SEPT	26,000	8.75%
OCT	28,000	8.60%
NOV	30,000	8.50%
DEC	32,000	8.40%
AVERAGE	21,000	8 33%

(a) AS OF LAST DAY OF EACH MONTH

(b) SEE KEY RATES IN N.Y. TIMES

AVG BALANCE	x	AVG RATE	=	AMT CREDITED AS INTEREST
21,000		8.33%		1,750

Exhibit 31.1

I, Richard Robinson, the principal executive officer of Scholastic Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scholastic Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 7, 2006

/s/ Richard Robinson
Richard Robinson
Chairman of the Board,
President and Chief Executive Officer

Exhibit 31.2

I, Mary A. Winston, the principal financial officer of Scholastic Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scholastic Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 7, 2006

/s/ Mary A. Winston
Mary A. Winston
Executive Vice President
and Chief Financial Officer

Exhibit 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
with Respect to the Quarterly Report on Form 10-Q
for the Quarter ended February 28, 2006
of Scholastic Corporation

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Scholastic Corporation, a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2006 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 7, 2006	/s/ Richard Robinson Richard Robinson Chief Executive Officer
Dated: April 7, 2006	/s/ Mary A. Winston Mary A. Winston Chief Financial Officer

The certification set forth above is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Form 10-Q or as a separate disclosure document of the Company or the certifying officers.