

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 16, 2005

SCHOLASTIC CORPORATION
(Exact Name of Registrant as Specified in Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

000-19860
(Commission
File Number)

13-3385513
(I.R.S. Employer
Identification No.)

557 BROADWAY, NEW YORK,
NEW YORK
(Address of Principal Executive Offices)

10012
(Zip Code)

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

(Former Name or Former address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17
CFR 230.425)
- Soliciting material pursuant to Rule 14a-12(b) under the Exchange Act (17
CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On December 16, 2005, Scholastic Corporation issued the press release attached
hereto as Exhibit 99.1 announcing its results of operations for its quarter
ended November 30, 2005.

The information in this Current Report on Form 8-K, including Exhibits, is being
furnished to the Securities and Exchange Commission (the "SEC") and shall not be
deemed to be incorporated by reference into any of Scholastic's filings with the
SEC under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits

- (a) Not applicable
- (b) Not applicable
- (c) The following exhibit is filed as part of this report:

Press release of Scholastic Corporation, dated December 16, 2005, is filed as Exhibit 99.1.

SIGNATURES

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 hereunto duly authorized.

Date: December 16, 2005

SCHOLASTIC CORPORATION
(Registrant)

/s/ Mary A. Winston

Name: Mary A. Winston
Title: Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

Number Exhibit
- - - - - - - - - -

99.1 Press release of Scholastic Corporation, dated December 16, 2005

Scholastic Announces Fiscal 2006 Second Quarter Results

NEW YORK--(BUSINESS WIRE)--Dec. 16, 2005--Scholastic Corporation (NASDAQ:SCHL) today announced its fiscal 2006 second quarter results.

For the quarter ended November 30, 2005, the Company reported revenues of \$696.7 million, up 2% from \$683.3 million in the prior year period. Net income was \$66.9 million, down 8% from \$72.5 million, and earnings per diluted share were \$1.59 versus \$1.80 a year ago.

Higher revenue in the second quarter was driven by growth in the Educational Publishing and Media, Licensing and Advertising segments, as well as favorable foreign exchange effects. Lower profits in the quarter reflected a decline in International results and modestly lower profits in Children's Book Publishing and Distribution, partly offset by lower overhead costs.

Free cash flow in the second quarter was \$286.2 million compared to \$70.7 million in the prior year period, driven by strong cash receipts and working capital management. For the first half of the year, free cash flow was \$107.9 million, compared to cash use of \$37.5 million in the same period last year. These improvements were principally due to the impact of this year's higher Harry Potter sales.

"The impact of hurricanes on the Company, challenges in School Book Clubs and Continuities, and investments to restructure our business in the United Kingdom were all factors contributing to lower profits in the second quarter," commented Richard Robinson, Chairman, CEO and President of Scholastic. "Our business also showed many strengths, especially in School Book Fairs, Trade and educational technology sales. Significant free cash flow in the quarter also strengthened our balance sheet."

Mr. Robinson added, "Responding to the challenges we faced in the second quarter, Scholastic's management team is now implementing plans to improve performance in the second half of the year, particularly in the important fourth quarter. We are accelerating the U.K. turn-around efforts, streamlining Club promotions, booking new fairs, introducing new Continuity programs, trimming marketing costs and reducing overhead. Notwithstanding the challenges, we believe we will attain our financial goals for the year, based on these actions and strong first quarter performance. We expect to achieve revenues for the year of \$2.3 to \$2.4 billion, free cash flow of \$85 to \$95 million and earnings at the bottom end of the previously announced range of \$2.30 to \$2.50 per diluted share."

Second Quarter Results

Children's Book Publishing and Distribution. Segment revenues in the second quarter of fiscal 2006 were \$424.2 million, down slightly from \$425.0 million in the prior year period. Trade revenue rose 11%, driven by strong sales of Harry Potter backlist titles. School Book Fair revenue rose 7% on higher revenue per fair. School Book Club revenue was down 3% from fewer orders, partially offset by higher revenue per order. Continuities revenue decreased 19%, as a result of the Company's continued strategy of focusing on its most productive customers. Profit in the segment declined 3% to \$88.6 million from \$90.9 million, reflecting the negative impact across the Company of hurricane-related school disruptions and higher fuel prices, as well as lower revenue and profit in the Clubs and Continuities businesses.

Educational Publishing. Segment revenue rose 5% to \$99.2 million compared to \$94.5 million in the prior year period, driven by a more than 25% increase in revenues from educational technology sales, partially offset by a decline in classroom magazine revenue from last year's election-related increases. Profit in the segment rose slightly to \$21.6 million from \$21.5 million a year ago, with higher technology sales more than offsetting lower library and classroom magazine results.

International. Revenue in the segment rose 4% to \$121.4 million from \$116.2 million in the prior year period, primarily reflecting foreign exchange benefits of \$4.2 million. Profit in the segment declined \$6.4 million to \$12.8 million from \$19.2 million, due in part to lower results in the United Kingdom.

Media, Licensing and Advertising. Revenue in the segment was up 9% to \$51.9 million from \$47.6 million in the prior year period,

primarily due to growth in Back to Basics Toys(R). Sales of Scholastic-produced titles such as I Spy(TM) and Math Missions(TM) for Leapfrog's Leapster and Where the Wild Things Are for Fisher-Price's Read with Me DVD learning products were also strong. Profit in the quarter fell slightly to \$7.7 million from \$8.5 million in the prior period.

Other Financial Results. Overhead decreased 15% to \$15.4 million from \$18.2 million, reflecting lower salary-related expenses and expenses related to Sarbanes-Oxley compliance. The Company's estimated effective tax rate in the second quarter rose to 37.0% from 35.5% in the prior year, primarily due to higher effective tax rates on foreign earnings and a higher state tax provision.

First Half Results

Net income for the first half of fiscal 2006 was \$45.7 million or \$1.10 per diluted share, up from \$22.0 million or \$0.55 per diluted share in the first half of fiscal 2005, which included \$3.6 million or \$0.06 per diluted share in severance charges related to a reorganization of the Continuities business. Revenues in the period rose 19% to \$1,195.1 million from \$1,007.0 million in the first half of fiscal 2005. The year over year difference in revenue and profitability primarily reflects higher Harry Potter revenues and educational technology sales, partially offset by declines in Clubs and International results.

Conference Call

The Company will hold a conference call to discuss its results at 8:00 am ET today, December 16, 2005. Scholastic's Chairman, President and CEO, Richard Robinson, and Executive Vice President and CFO, Mary Winston, will moderate the call.

The conference call and accompanying slides will be webcast and accessible through the Investor Relations section of Scholastic's website, scholastic.com. Participation by telephone will be available by dialing 888-338-6461 from within the U.S. or +1-973-935-8510 internationally.

Following the call, an audio replay of the call will be available from approximately 10:00 am ET, December 16, 2005 through December 23, 2005 by dialing 877-519-4471 and entering participant code 6737108. Slides from the conference call will also be posted in the Investor Relations section of scholastic.com.

Investor Conference

The Company is currently scheduled to make a presentation to investors at the Citigroup Salomon Smith Barney Entertainment, Media and Telecom Conference on January 10, 2006 in Phoenix, Arizona. Mary Winston, the Company's CFO, is expected to speak. Further details, including information about a webcast, will be posted in the Investor Relations section of scholastic.com when available.

About Scholastic

Scholastic Corporation (NASDAQ:SCHL) is the world's largest publisher and distributor of children's books and a leader in educational technology. Scholastic creates quality educational and entertaining materials and products for use in school and at home, including children's books, magazines, technology-based products, teacher materials, television programming, film, videos and toys. The Company distributes its products and services through a variety of channels, including proprietary school-based book clubs, school-based book fairs, and school-based and direct-to-home continuity programs; retail stores, schools, libraries and television networks; and the Company's Internet site, scholastic.com.

Forward-Looking Statements

This news release contains certain forward-looking statements. Such 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 from time to time in the Company's filings with the Securities and Exchange Commission. Actual results could differ materially from those currently anticipated.

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

	THREE MONTHS ENDED			
	11/30/05	11/30/04	Favorable/ (Unfavorable)	
	Restated (1)			
Revenues	\$696.7	\$683.3	\$13.4	2%
Operating costs and expenses:				
Cost of goods sold	298.3	301.1	2.8	1%
Selling, general and administrative expenses	251.2	225.6	(25.6)	(11%)
Selling, general and administrative expenses - Continuity charges (2)	-	-	-	-
Bad debt expense	15.1	19.6	4.5	23%
Depreciation and amortization	16.8	15.1	(1.7)	(11%)
Total operating costs and expenses	581.4	561.4	(20.0)	(4%)
Operating income	115.3	121.9	(6.6)	(5%)
Interest expense, net	9.1	9.5	0.4	4%
Earnings before income taxes	106.2	112.4	(6.2)	(6%)
Tax provision	39.3	39.9	0.6	2%
Net income	\$66.9	\$72.5	(\$5.6)	(8%)
Weighted average shares outstanding:				
Basic	41.3	39.7	1.6	4%
Diluted	42.0	40.4	1.6	4%
Net income per share:				
Basic	\$1.62	\$1.83	(\$0.21)	(11%)
Diluted	\$1.59	\$1.80	(\$0.21)	(12%)

	SIX MONTHS ENDED			
	11/30/05	11/30/04	Favorable/ (Unfavorable)	
	Restated (1)			
Revenues	\$1,195.1	\$1,007.0	\$188.1	19%
Operating costs and expenses:				
Cost of goods sold	591.3	477.5	(113.8)	(24%)
Selling, general and administrative expenses	453.6	406.8	(46.8)	(12%)
Selling, general and administrative expenses - Continuity charges (2)	0.0	3.6	3.6	(a)
Bad debt expense	27.7	35.8	8.1	23%
Depreciation and amortization	32.4	30.8	(1.6)	(5%)
Total operating costs and expenses	1,105.0	954.5	(150.5)	(16%)
Operating income	90.1	52.5	37.6	72%
Interest expense, net	17.6	18.3	0.7	4%
Earnings before income taxes	72.5	34.2	38.3	(a)

Tax provision	26.8	12.2	(14.6)	(a)
Net income	\$45.7	\$22.0	\$23.7	(a)
Weighted average shares outstanding:				
Basic	40.8	39.7	1.1	3%
Diluted	41.6	40.2	1.4	3%
Net income per share:				
Basic	\$1.12	\$0.56	\$0.56	(a)
Diluted	\$1.10	\$0.55	\$0.55	(a)

- (1) In the fourth quarter of fiscal 2005, the Company revised its accounting for certain leasing transactions and restated its previously issued annual and interim consolidated financial statements.
- (2) In the six months ended November 30, 2004, the Company recorded pre-tax charges of \$3.6, or \$0.06 per diluted share, primarily for severance related to staff reductions implemented in the first quarter of fiscal 2005 in connection with the prior year review by the Company of its Continuity business.
- (a) Percent change not meaningful.

SCHOLASTIC CORPORATION
RESULTS OF OPERATIONS - SEGMENTS
(UNAUDITED)
(Amounts in millions)

	THREE MONTHS ENDED		Favorable/ (Unfavorable)	
	11/30/05	11/30/04		
	Restated (1)			
Children's Book Publishing & Distribution				
Revenue	\$424.2	\$425.0	(\$0.8)	0%
Operating profit (2)(3)	88.6	90.9	(2.3)	(3%)
Operating margin (3)	20.9%	21.4%		
Educational Publishing				
Revenue	99.2	94.5	4.7	5%
Operating profit	21.6	21.5	0.1	0%
Operating margin	21.8%	22.8%		
International				
Revenue	121.4	116.2	5.2	4%
Operating profit	12.8	19.2	(6.4)	(33%)
Operating margin	10.5%	16.5%		
Media, Licensing and Advertising				
Revenue	51.9	47.6	4.3	9%
Operating profit (3)	7.7	8.5	(0.8)	(9%)
Operating margin (3)	14.8%	17.9%		
Overhead expense	15.4	18.2	2.8	15%
Operating profit	\$115.3	\$121.9	(\$6.6)	(5%)

SIX MONTHS ENDED

Favorable/

	11/30/05	11/30/04	(Unfavorable)	
	Restated (1)			
Children's Book Publishing & Distribution				
Revenue	\$699.5	\$546.8	\$152.7	28%
Operating profit (2)(3)	68.9	26.9	42.0	(a)
Operating margin (3)	9.8%	4.9%		
Educational Publishing				
Revenue	227.5	212.7	14.8	7%
Operating profit	49.1	43.8	5.3	12%
Operating margin	21.6%	20.6%		
International				
Revenue	198.1	188.0	10.1	5%
Operating profit	7.3	16.2	(8.9)	(55%)
Operating margin	3.7%	8.6%		
Media, Licensing and Advertising				
Revenue	70.0	59.5	10.5	18%
Operating profit (3)	2.0	2.3	(0.3)	(13%)
Operating margin (3)	2.9%	3.9%		
Overhead expense	37.2	36.7	(0.5)	(1%)
Operating profit	\$90.1	\$52.5	\$37.6	72%

- (1) In the fourth quarter of fiscal 2005, the Company revised its accounting for certain leasing transactions and restated its previously issued annual and interim consolidated financial statements.
- (2) Results for the six months ended November 30, 2004 include pre-tax charges of \$3.6, or \$0.06 per diluted share, recorded in the Children's Book Publishing and Distribution segment ("CBP&D"), primarily for severance related to staff reductions implemented in the first quarter of fiscal 2005 in connection with the prior year review by the Company of its Continuity business.
- (3) In the fourth quarter of fiscal 2005, the Company reviewed the estimated Cost of goods sold related to Media, Licensing and Advertising segment ("MLA") products sold through CBP&D. The Company determined that the actual costs were lower and the gross margins higher on these products than previously allocated. Prior period inter-segment allocations were adjusted accordingly, resulting in higher gross margin in MLA with offsetting decreases in CBP&D.
- (a) Percent change not meaningful.

SCHOLASTIC CORPORATION
SUPPLEMENTAL INFORMATION
(UNAUDITED)
(Amounts in millions)

SELECTED BALANCE SHEET ITEMS

	11/30/05	11/30/04	Favorable/ (Unfavorable)	
	Restated (1)			
Cash and cash equivalents	\$249.3	\$27.1	\$222.2	(a)
Accounts receivable, net	308.3	321.0	(12.7)	(4%)
Inventories	472.3	472.7	(0.4)	0%
Lines of credit and short-term debt	41.4	34.2	(7.2)	(21%)
Long-term debt	473.5	528.5	55.0	10%

Net debt (2)	265.6	535.6	270.0	50%
Capital lease obligations	74.9	75.0	0.1	0%
Total stockholders' equity	1,008.0	881.2	126.8	14%

SELECTED CASH FLOW ITEMS

	THREE MONTHS ENDED			
	11/30/05	11/30/04	Favorable/ (Unfavorable)	
	Restated (1)			
Net cash provided by operating activities	\$324.7	\$108.2	\$216.5	(a)
Additions to property, plant and equipment	15.3	11.7	(3.6)	(31%)
Pre-publication and production costs	15.6	18.9	3.3	17%
Royalty advances	7.6	6.9	(0.7)	(10%)
Free cash flow (use) (3)	\$286.2	\$70.7	\$215.5	(a)

	SIX MONTHS ENDED			
	11/30/05	11/30/04	Favorable/ (Unfavorable)	
	Restated (1)			
Net cash provided by operating activities	\$185.9	\$31.7	\$154.2	(a)
Additions to property, plant and equipment	30.7	21.4	(9.3)	(43%)
Pre-publication and production costs	32.5	33.8	1.3	4%
Royalty advances	14.8	14.0	(0.8)	(6%)
Free cash flow (use) (3)	\$107.9	(\$37.5)	\$145.4	(a)

- (1) In the fourth quarter of fiscal 2005, the Company revised its accounting for certain leasing transactions and restated its previously issued annual and interim consolidated financial statements.
- (2) Net debt is defined by the Company as lines of credit and short-term debt plus long-term-debt, net of cash and cash equivalents. The Company utilizes this non-GAAP financial measure, and believes it is useful to investors, as an indicator of the Company's effective leverage and financing needs.
- (3) Free cash flow is defined by the Company as net cash provided by operating activities, less spending on property, plant and equipment; pre-publication and production costs; and royalty advances. The Company believes this measure, which is a non-GAAP financial measure, is useful to investors as an indicator of cash flow available for debt repayment and other investing activities, such as acquisitions. The Company utilizes free cash flow as a further indicator of operating performance and for planning investing activities.

(a) Percent change not meaningful.

CONTACT: Scholastic Corporation

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