

SCHOLASTIC CORP  
Form 11-K  
June 18, 2012

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**Form 11-K**

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**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS  
PURSUANT TO SECTION 15(d) OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

(mark one)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934.**

For The Fiscal Year Ended December 31, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934.**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-19860

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**A. Full title of the plan and the address of the plan, if different from that of the issuer named below:**

**SCHOLASTIC CORPORATION  
401(k) SAVINGS AND RETIREMENT PLAN**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

**SCHOLASTIC CORPORATION**  
557 Broadway,  
New York, New York 10012

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**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**Financial Statements and Supplemental Schedule**  
**December 31, 2011 and 2010 and Year ended December 31, 2011**  
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**Report of Independent Registered Public Accounting Firm**

To the Retirement Plan Committee of the Board of Directors of Scholastic Corporation,

We have audited the accompanying statements of net assets available for benefits of the Scholastic Corporation 401(k) Savings and Retirement Plan as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Scholastic Corporation's Retirement Plan Committee. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2011 and 2010, and the changes in its net assets available for benefits for the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2011, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Scholastic Corporation's Retirement Plan Committee. The information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP  
New York, New York  
June 18, 2012

**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**  
*(Amounts in thousands)*

	December 31,	
	2011	2010
<b>ASSETS</b>		
<b>Investments, at fair value</b>		
<b>Registered Investment Entities:</b>		
AF Washington Mutual Investors Fund	\$ 13,008	\$ 12,311
American Beacon Small Capital Value Fund	3,584	3,613
American Funds Growth Fund of America	13,335	14,654
Artisan Mid Capital Fund	13,285	13,880
Fidelity Diversified International Fund		15,247
Fidelity Freedom Fund 2005	1,177	1,281
Fidelity Freedom Fund 2010	5,577	6,616
Fidelity Freedom Fund 2015	11,167	11,627
Fidelity Freedom Fund 2020	16,252	15,378
Fidelity Freedom Fund 2025	17,169	17,125
Fidelity Freedom Fund 2030	14,676	13,466
Fidelity Freedom Fund 2035	12,664	11,764
Fidelity Freedom Fund 2040	12,408	11,792
Fidelity Freedom Fund 2045	3,704	2,944
Fidelity Freedom Fund 2050	2,671	2,014
Fidelity Freedom Income Fund	2,448	2,225
Fidelity Managed Income Portfolio Fund II	32,022	29,904
Vanguard Institutional Index Fund	37,407	37,230
Vanguard Total Bond Market Index Fund	13,305	11,098
Vanguard Total International Stock Index Fund (Institutional)	13,092	
Vanguard Small-Cap Growth Index Fund	5,219	4,378
<b>Common Stock:</b>		
Scholastic Corporation Common Stock	8,628	8,586
<b>Total investments at fair value</b>	<b>\$ 252,798</b>	<b>\$ 247,133</b>
<b>Receivables</b>		
Other receivables	\$ 12	\$
Notes receivable from participants	6,365	5,820
<b>Total receivables</b>	<b>\$ 6,377</b>	<b>\$ 5,820</b>
<b>LIABILITIES</b>		
Accrued expenses	\$ (3)	\$

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<b>Total liabilities</b>	<hr/>	
	\$	(3) \$
	<hr/>	
<b>Net assets available for benefits reflecting investments at fair value</b>	\$	259,172 \$ 252,953
Adjustment from fair value to contract value for fully benefit-responsive investment contracts		(778) (295)
	<hr/>	
<b>Net assets available for benefits</b>	\$	258,394 \$ 252,658
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*See accompanying notes*

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**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
*(Amounts in thousands)*

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	<b>December 31, 2011</b>
	<hr/>
Interest and dividend income	\$ 6,398
Net depreciation in fair value of investments	(9,002)
<b>Contributions:</b>	
Employer	7,308
Participants	19,871
Rollovers	1,596
	<hr/>
Total contributions	28,775
Total additions (net)	\$ 26,171
Distributions to participants	(20,435)
	<hr/>
Net increase	5,736
<b>Net assets available for benefits:</b>	
Beginning of year	252,658
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End of year	<b>\$ 258,394</b>
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*See accompanying notes*

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**SCHOLASTIC CORPORATION  
401(k) SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS**

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**1. DESCRIPTION OF THE PLAN**

**GENERAL**

The Scholastic Corporation 401(k) Savings and Retirement Plan, amended and restated effective January 1, 2009 and as thereafter amended (the Plan), is a defined contribution plan sponsored by Scholastic Corporation (the Company). The Plan is administered by the Retirement Plan Committee of the Board of Directors of the Company, which has delegated certain responsibility and authority to an Administrative Committee composed of members of senior management of the Company (the Retirement Plan Committee, and to the extent delegated to the Administrative Committee, collectively the Committees). Fidelity Management Trust Company serves as Trustee for the Plan (the Trustee). In addition, Fidelity Institutional Retirement Services Company provides administrative and recordkeeping services on behalf of the Plan (the Record Keeper). Investment products offered through December 31, 2011 to participants under the Plan (Participants), other than the Company's common stock (Company Stock), were provided by Fidelity and several other mutual fund companies. The Plan is an employer plan qualified under Section 401(a) of the Internal Revenue Code, as amended (the Code).

This description of the Plan provides only general information and is presented to assist in understanding the Plan's financial statements. Participants should refer to the Plan Document for a more complete description of the Plan's provisions, copies of which are available from the Company.

**ELIGIBILITY**

Employees eligible to enroll in the Plan include all employees of the Company and its domestic subsidiaries (other than leased employees) who have attained the age of 18 (Eligible Employees). Eligible Employees may enroll in the Plan on any business day after they become eligible to participate in the Plan. After 90 days of employment, Eligible Employees (except temporary employees), who have not otherwise elected to enroll in the Plan, are automatically enrolled at a 3% contribution rate, as soon as administratively feasible. The Plan permits Eligible Employees to opt out of the automatic enrollment program of the Plan.

**PLAN AMENDMENTS**

The Plan was amended effective January 1, 2011 to eliminate the ability of terminated participants to request loans from the Plan.

The Plan was amended effective January 1, 2010 to provide that temporary employees are not subject to the automatic enrollment program of the Plan.

The Plan was amended effective June 1, 2009 to provide automatic enrollment to the Plan for Eligible Employees not enrolled as of June 1, 2009, at a 3% pre-tax contribution rate. The Plan was also amended effective June 1, 2009, to provide automatic pre-tax contribution increases of 1% each calendar year on October 1 for Participants whose pre-tax contribution deferral rate is less than 6%. The Plan permits Participants to opt out of the automatic pre-tax contribution increase. The first such increase was effective October 1, 2010.

**PARTICIPANT CONTRIBUTIONS**

As approved by the Retirement Plan Committee and subject to the provisions of the Code, Eligible Employees may contribute during the Plan Year at the Participant's election into any of the Plan's fund options, in pre-tax and/or after-tax compensation dollars (Compensation Contributions); provided that the sum of pre-tax and after-tax contributions during any Plan Year does not exceed the following limitations:

*Pre-tax Contributions:* Pre-tax contributions are limited to the lesser of 50% of annual salary, overtime, bonuses and commissions (Compensation), subject to the requirements of the Code, or \$16,500 for the Plan Year ended December 31, 2011. Eligible Employees whose Compensation is in excess of \$110,000 in the prior year (Highly Compensated Employees) are limited to the lesser of 7% of their annual Compensation or \$16,500 for the Plan year ended December 31, 2011. The sum of pre-tax and after-tax contributions during any Plan Year cannot exceed 50% (or 7%, if a Highly Compensated Employee) of annual Compensation.





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**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**

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*After-tax Contributions:* After-tax contributions are limited to 50% of annual Compensation, subject to the requirements of the Code. Highly Compensated Employees are limited to a contribution of 7% of their annual Compensation. The sum of pre-tax and after-tax contributions during any Plan Year cannot exceed 50% (or 7% if a Highly Compensated Employee) of annual Compensation.

*Catch-up Contributions:* All Participants who are at least age 50 or who will reach age 50 during the calendar year will have the option to make additional pre-tax contributions of up to \$5,500.

*Rollover Contributions:* Any Eligible Employee may transfer to the Plan contributions and such other amounts from an eligible rollover plan that meets the requirements of the Code at the time of the transfer ( Rollover Contributions ).

**EMPLOYER CONTRIBUTIONS**

Under the Plan, the Company contributes a percentage of each Participant's Compensation ( Matching Contributions ). The Company's contributions for the benefit of the Participants are made in cash in an amount equal to a percentage of the Participant's pre-tax contributions. For the Plan year ended December 31, 2011, the Company contributed an amount equal to 50% of a Participant's pre-tax contributions, up to a maximum amount equal to 6% of the Participant's annual Compensation.

The Company, at its sole discretion, may also make discretionary contributions for the benefit of all Participants regardless of whether they elected to make pre-tax contributions to the Plan ( Discretionary Contributions ). The amount of such Discretionary Contributions is to be determined by the Board of Directors of the Company (the Board ). The Company made no Discretionary Contributions to the Plan for the year ended December 31, 2011.

Total Participant plan contributions, including Matching Contributions, are limited to the lesser of 100% of the Participant's Compensation, or \$49,000. Catch-up contributions are not eligible for Company Matching Contributions.

**VESTING**

Participants are immediately vested in their Compensation Contributions and Rollover Contributions. Matching Contributions vest at the rate of 20% per year of service by a Participant. A Participant becomes 100% vested in all Matching Contributions after either five years of credited service, or upon death or disability while employed, or upon reaching age 65.

**FORFEITURES**

Upon termination of employment, Participants forfeit their unvested matching contributions and balances. Forfeitures by Participants of unvested matching contributions ( Forfeitures ) were used to offset Matching Contributions for other Participants and to pay Plan expenses during the Plan Year. In 2011, Matching Contributions were reduced by \$412,151 from Forfeitures. At December 31, 2011, there were Forfeitures of \$22,377 available to reduce future Matching Contributions and pay Plan expenses.

**PARTICIPANT ACCOUNT DISTRIBUTIONS**

A Participant's account under the Plan may be distributed in full upon cessation of employment for any reason, including termination, death, disability or retirement at the participant's choice. On a daily basis, a Participant, for any reason, may withdraw all or a portion of his or her after-tax contributions. All distributions from the Plan are in cash or, if elected by the Participant, in whole shares of Company Stock, to the extent that the Participant is invested in Company Stock. In the event of attainment of age 59-1/2, a Participant may withdraw his or her entire vested balance during employment. At December 31, 2011 and 2010, all withdrawals requested by Participants had been paid.

In the event of a hardship, a Participant may withdraw during employment such portion of his or her account to meet such hardship. In addition, once each Plan Year, Participants may request a loan from the Plan of up to 50% of the vested value of their account not to exceed \$50,000. In no event may a Participant have more than one loan outstanding for the purchase of a principal residence or more than two outstanding loans at any time. All loans must be repaid in equal installments of principal and interest through automatic payroll deductions over a period not to

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exceed five years, except for certain loans made to purchase a Participant's principal residence, which may be repaid over a period of up to ten years pursuant to the Code. Upon termination, outstanding loan balances that are not repaid by the Participant are treated as a taxable distribution to the Participant.

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**SCHOLASTIC CORPORATION  
401(k) SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS**

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**PLAN EXPENSES**

Expenses are incurred at either the fund level or the Plan level. All expenses incurred by the funds (commissions, management fees, etc.) are paid out of investor assets and, are therefore, netted in realized and unrealized appreciation in fair value of investments in the Statement of Changes in Net Assets Available for Benefits. Plan expenses for recordkeeping and investment advisory services totaling \$182,634 in the current year were paid from Forfeitures. The Company pays all other Plan expenses.

**COMPANY STOCK FUND**

The Plan invests in Company Stock through its common stock fund. Dividends are paid and then reinvested in Company Stock.

Each Participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the Company prior to the time that such rights may be exercised. The trustee is not permitted to vote any allocated shares for which instructions have not been given by a Participant. The trustee votes any unallocated shares in the same proportion as those shares that were allocated, unless the Committee directs the trustee otherwise. Participants have the same voting rights in the event of a tender or exchange offer.

**PAYMENT OF BENEFITS**

Benefits are recorded when paid.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ( ERISA ). The financial statements of the Plan are prepared in conformity with U.S. generally accepted accounting principles ( GAAP ). The Plan 's financial statements accounts are prepared on the accrual basis. Purchases and sales of investment securities are recorded at market value on the trade date.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

**VALUATION OF INVESTMENTS**

Investments held by the Plan, with the exception of the Fidelity Managed Income Portfolio II fund, are valued at the net asset value of shares held, as quoted on the open market. The investment contracts held as part of the Fidelity Managed Income Portfolio II fund are recorded at fair value (see Note 3); however, since these contracts are fully benefit-responsive, an adjustment is reflected in the statements of net assets available for benefits to present these investments at contract value. Contract value is the relevant measurement attributable to fully benefit-responsive investment contracts, because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. The contract value represents contributions plus earnings, less Participant withdrawals and administrative expenses. Investments in Company Stock are valued at the closing price as quoted on the NASDAQ Stock Market on the valuation date.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



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**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTES RECEIVABLE FROM PARTICIPANTS**

Notes receivable from participants represent Participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2011 or 2010. If a Participant ceases to make loan repayments and the Plan administrator deems the Participant loan to be a distribution, the Participant loan balance is reduced to zero and a benefit payment is recorded.

**NEW ACCOUNTING PRONOUNCEMENTS**

In January 2010, the Financial Accounting Standards Board (the FASB ) issued authoritative guidance requiring additional disclosures about assets and liabilities measured at fair value. The guidance requires: (i) separate disclosure of the amounts transferred in and out of Levels 1 and 2; along with the reasons for such transfers; (ii) information about purchases, sales, issuances and settlements to be presented separately in the reconciliation for Level 3 fair value measurements; (iii) fair value measurement disclosures for each class of assets and liabilities; and (iv) disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements, for Level 2 or Level 3 fair value measurements. The new disclosures and clarifications of existing disclosures were effective for annual reporting periods beginning after December 15, 2009, except for (ii) above, which was effective for fiscal years beginning after December 15, 2010. The adoption of guidance (ii) above in the current Plan year ended December 31, 2011 did not have a material effect on the Plan s net assets available for benefits, changes in net assets available for benefits or related disclosures.

In May 2011, the FASB issued an update to the authoritative guidance related to fair value measurements. The amendments will add new disclosures, with a particular focus on Level 3 measurements. The objective of these amendments is to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and International Financial Reporting Standards ( IFRS ). The disclosure amendments in this update are to be applied prospectively and are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011.

**3. INVESTMENTS**

Investments held by the Plan are stated at fair value. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

The current authoritative guidance addresses investment contracts held by a defined contribution plan, which are required to be reported at fair value. The underlying investments in the pooled stable value fund are recorded at their contract value, which is equal to principal plus accrued interest minus fees and participant withdrawals. Stable value funds are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Certain events may limit the ability of the Plan to transact at contract value with the issuer. The Fidelity Managed Income Portfolio II fund includes restrictions on liquidating the fund under certain circumstances, in which event it could take up to twelve months to liquidate the Plan s holdings in that fund. The Plan administrator does not believe that the Plan s Participants would be subject to any event that would limit the Plan s ability to transact at contract value.

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**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**

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The average yield of the Fidelity Managed Income Portfolio II fund based on actual earnings was approximately 1.45% and 1.55% at December 31, 2011 and 2010, respectively, and the average yield based on the interest rate credited to Participants was approximately 1.60% and 1.82% at December 31, 2011 and 2010, respectively. The following individual investments represent 5% or more of the net assets available for benefits (in thousands):

	December 31,	
	2011	2010
AF Washington Mutual Investors Fund	\$ 13,008	*
American Funds Growth Fund of America	13,335	14,654
Artisan Mid Capital Fund	13,285	13,880
Fidelity Diversified International Fund	*	15,247
Fidelity Freedom Fund 2020	16,252	15,378
Fidelity Freedom Fund 2025	17,169	17,125
Fidelity Freedom Fund 2030	14,676	13,466
Fidelity Managed Income Portfolio Fund II <sup>(1)</sup>	32,022	29,904
Vanguard Institutional Index Fund	37,407	37,230
Vanguard Total Bond Market Index Fund	13,305	*
Vanguard Total International Stock Index Fund (Institutional)	13,092	*

\* Investment is less than 5%

<sup>(1)</sup> The contract value of the Plan's investment in the Fidelity Managed Income Portfolio Fund II was \$31,243,599, and \$29,608,360 as of December 31, 2011 and 2010, respectively

**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**

During 2011, the Plan's total net realized and unrealized depreciation in the fair value of investments was as follows (in thousands):

<b>Fund Name</b>	<b>Realized</b>	<b>Unrealized</b>	<b>Total</b>
AF Washington Mutual Investors Fund	\$ 45	\$ 499	\$ 544
American Beacon Small Capital Value Fund	(19)	(163)	(182)
American Funds Growth Fund of America	(2)	(764)	(766)
Artisan Mid Capital Fund	97	(390)	(293)
Fidelity Diversified International Fund	(1,342)	11	(1,331)
Fidelity Freedom Fund 2005	4	(34)	(30)
Fidelity Freedom Fund 2010	20	(206)	(186)
Fidelity Freedom Fund 2015	10	(419)	(409)
Fidelity Freedom Fund 2020	10	(840)	(830)
Fidelity Freedom Fund 2025	(7)	(1,112)	(1,119)
Fidelity Freedom Fund 2030	15	(1,030)	(1,015)
Fidelity Freedom Fund 2035	3	(1,030)	(1,027)
Fidelity Freedom Fund 2040	(1)	(1,047)	(1,048)
Fidelity Freedom Fund 2045		(322)	(322)
Fidelity Freedom Fund 2050	6	(239)	(233)
Fidelity Freedom Income Fund	8	(19)	(11)
Fidelity Managed Income Portfolio Fund II			
Scholastic Corporation Common Stock	(82)	216	134
Vanguard Institutional Index Fund	39	(19)	20
Vanguard Total Bond Market Index Fund	27	393	420
Vanguard Total International Stock Index Fund (Institutional)	(28)	(1,109)	(1,137)
Vanguard Small-Cap Growth Index Fund	(10)	(171)	(181)
<b>Total</b>	<b>\$ (1,207)</b>	<b>(7,795)</b>	<b>\$ (9,002)</b>

#### 4. FAIR VALUE MEASUREMENTS

The current authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date and it establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs when measuring fair value.

The three level hierarchy used as a basis for measuring the fair value of a Plan investment are:

Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 includes observable inputs, other than unadjusted quoted prices in active markets, for identical assets or liabilities such as:

- o Quoted prices for similar assets or liabilities in active markets
- o Quoted prices for identical or similar assets or liabilities in inactive markets
- o Inputs other than quoted prices that are observable for the asset or liability
- o Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 includes unobservable inputs in which there is little or no market data available, which are significant to the fair value measurement and require the Plan to develop its own assumptions about the inputs that market participants would use to price an asset or liability.

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**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**

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The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2011 and 2010.

Mutual funds: Valued at the net asset value of shares held by the Plan at year end, as quoted on the open market.

Pooled stable value funds: Valued at the net asset value of shares held by the Plan at year end, which is based on the value of the underlying investments.

Common stock: Valued at the closing price reported on the active market on which the individual security is traded.

The tables below sets forth by level, within the fair value hierarchy, the Plan investments carried at fair value (in thousands):

	Assets at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Mid/Large Cap Stock Funds	\$ 174,500	\$	\$	\$ 174,500
Small Cap Stock Funds	8,803			8,803
International Fund	13,092			13,092
Fixed Income Funds	15,753			15,753
Pooled Stable Value Funds		32,022		32,022
Scholastic Corporation Common Stock	8,628			8,628
Total	\$ 220,776	\$ 32,022	\$	\$ 252,798

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Mid/Large Cap Stock Funds	\$ 172,082	\$	\$	\$ 172,082
Small Cap Stock Funds	7,991			7,991
International Fund	15,247			15,247
Fixed Income Funds	13,323			13,323
Pooled Stable Value Funds		29,904		29,904
Scholastic Corporation Common Stock	8,586			8,586
Total	\$ 217,229	\$ 29,904	\$	\$ 247,133



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**SCHOLASTIC CORPORATION**  
**401(k) SAVINGS AND RETIREMENT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**

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**5. TAX STATUS**

The Plan received a favorable determination letter from the Internal Revenue Service ( IRS ), dated January 19, 2011 covering all of the amendments executed through January 30, 2009 and stating that the Plan is qualified under Section 401(a) of the Code. Therefore, the related trust is exempt from taxation. Subsequent to this determination, the Plan was further amended. The Plan, as amended, is required to operate in conformity with the Code in order to maintain its qualification. The Plan administrator believes that the Plan is being operated, in all material respects, in accordance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

Accounting principles generally accepted in the United States require the Plan administrator to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

**6. PLAN TERMINATION**

While the Plan is intended to be permanent, it may be terminated at any time by a resolution of the Board of Directors, subject to the provisions of ERISA. Upon termination of the Plan, all necessary provisions of the Plan shall remain in effect, no further contributions may be made to the Plan and the account of each Participant shall become fully vested and non-forfeitable, and distributed to the Participants.

**7. RISK AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. As a result, changes in the value of investment securities could materially affect the amounts reported in the statement of net assets available for benefits.

**8. RECONCILIATION TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2011 and 2010 (in thousands):

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Net assets available for benefits per the financial statements</b>	<b>\$ 258,394</b>	<b>\$ 252,658</b>
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	778	295
Accrued expenses	3	
Interest income on notes receivable from participant	(5)	(5)
	<b>\$ 259,170</b>	<b>\$ 252,948</b>

Net assets available for benefits per  
Form 5500

Supplemental Schedule



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SCHOLASTIC CORPORATION 401(k) SAVINGS AND RETIREMENT PLAN  
 EIN #13-3385513 Plan #004  
 SCHEDULE H, Line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
 DECEMBER 31, 2011  
 (Amounts in thousands)

Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	Number of Shares	Cost	Current Value
American Beacon	American Beacon Small Capital Value Fund	193.2	** \$	3,584
American Funds	American Funds Growth Fund of America	467.6	**	13,335
American Funds	American Funds Washington Mutual Investors Fund	459.6	**	13,008
Artisan	Artisan Mid Capital Fund	403.4	**	13,285
Fidelity*	Fidelity Freedom Fund 2005	111.9	**	1,177
Fidelity*	Fidelity Freedom Fund 2010	425.7	**	5,577
Fidelity*	Fidelity Freedom Fund 2015	1,021.7	**	11,167
Fidelity*	Fidelity Freedom Fund 2020	1,238.7	**	16,252
Fidelity*	Fidelity Freedom Fund 2025	1,588.3	**	17,169
Fidelity*	Fidelity Freedom Fund 2030	1,143.0	**	14,676
Fidelity*	Fidelity Freedom Fund 2035	1,200.4	**	12,664
Fidelity*	Fidelity Freedom Fund 2040	1,685.9	**	12,408
Fidelity*	Fidelity Freedom Fund 2045	426.2	**	3,704
Fidelity*	Fidelity Freedom Fund 2050	312.8	**	2,671
Fidelity*	Fidelity Freedom Income Fund	217.8	**	2,448
Fidelity*	Fidelity Management Income Portfolio Fund II	31,243.6	**	32,022
Vanguard	Total Bond Market Index Fund	1,209.5	**	13,305
Vanguard	Vanguard Institutional Index Fund	325.2	**	37,407
Vanguard	Vanguard Small-Cap Growth Index Fund	242.9	**	5,219
Vanguard	Vanguard Total International Stock Index Fund (Institutional)	149.9	**	13,092
Scholastic Corporation*	Company Stock	287.8	**	8,628
Participant loans*	Prime + 0.5% Interest Rate; Repayment Terms: one to ten years	n/a	n/a	6,365
Total investments				\$ 259,163

\* Indicates party-in-interest to the Plan

\*\* Not required as the investment is Participant-directed

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee of Scholastic Corporation, the Plan administrator of the Scholastic Corporation 401(k) Savings and Retirement Plan, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 18, 2012

SCHOLASTIC CORPORATION 401(k)  
SAVINGS  
AND RETIREMENT PLAN  
/s/ Lucinda J. Durning

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Lucinda J. Durning  
*Senior Vice President Human Resources and  
Employee Services, Scholastic Corporation and  
Chairperson of Administrative Committee of the  
Scholastic Corporation 401(k) Savings and  
Retirement Plan*

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Exhibits/Index

Exhibit  
No.      Document

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23.1      Consent of Independent Registered Public Accounting Firm

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