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, 2001   Commission File No. 0-19860

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.)
555 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 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, 2001
Common Stock, $.01 par value	33,484,656
Class A Stock, $.01 par value	1,656,200

SCHOLASTIC CORPORATION
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS - UNAUDITED
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	EBRUARY 28,	FEBRUARY 29,	FEBRUARY 28,	FEBRUARY 29,
	2001	2000	2001	2000
REVENUES	$ 433.0	$ 315.0	$ 1,463.4	$ 1,008.8
Operating costs and expenses:				
Cost of goods sold	199.7	157.8	669.5	508.9
Selling, general and administrative expenses	207.2	143.1	652.9	427.9
Depreciation	6.3	5.1	19.6	14.4
Goodwill and other intangible amortization	3.5	1.3	10.5	3.5
Non-recurring charge	-	-	-	8.5
TOTAL OPERATING COSTS AND EXPENSES	416.7	307.3	1,352.5	963.2
Operating income	16.3	7.7	110.9	45.6
Interest expense, net	(10.5)	(4.5)	(33.7)	(14.6)
Income before income taxes	5.8	3.2	77.2	31.0
Provision for income taxes	2.1	1.2	27.8	11.3
NET INCOME	$ 3.7	$ 2.0	$ 49.4	$ 19.7
Net income per Class A and Common Share:				
Basic	$ 0.11	$ 0.06	$ 1.43	$ 0.59
Diluted	$ 0.10	$ 0.06	$ 1.34	$ 0.58

SEE ACCOMPANYING NOTES

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

	FEBRUARY 28, 2001	MAY 31, 2000	FEBRUARY 29, 2000
	(UNAUDITED)		(UNAUDITED)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 11.9	$ 9.0	$ 5.6
Trade accounts receivable less allowance for doubtful accounts	174.9	153.7	179.1
Installment sale receivables less allowance for doubtful accounts	67.9	-	-
Inventories, net	406.3	290.7	319.5
Deferred income taxes	75.8	57.2	41.9
Prepaid and other current assets	92.9	29.1	34.3
TOTAL CURRENT ASSETS	829.7	539.7	580.4
Property, plant and equipment, net	223.6	176.4	166.0
Prepublication costs	138.6	116.1	101.2
Goodwill and other intangibles	275.7	66.4	68.8
Other assets and deferred charges	101.1	84.6	84.0
TOTAL ASSETS	$ 1,568.7	$ 983.2	$ 1,000.4
LIABILITIES & STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Lines of credit and current portion of long term debt	$ 22.4	$ 8.7	$ 21.2
Accounts payable	136.3	129.7	131.7
Accrued royalties	97.3	32.8	56.8
Deferred revenue	29.6	10.3	23.6
Other accrued expenses	132.0	104.3	61.5
TOTAL CURRENT LIABILITIES	417.6	285.8	294.8
Long-term debt	596.7	241.1	281.2
Other noncurrent liabilities	48.1	26.3	23.7
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	0.2	0.2
Additional paid-in capital	236.6	222.7	223.0
Deferred compensation	(0.2)	-	-
Accumulated other comprehensive loss:			
Foreign currency translation adjustment	(13.6)	(11.1)	(7.6)
Retained earnings	292.2	242.8	211.1
Less shares of Common Stock held in treasury	(9.1)	(24.6)	(26.0)
TOTAL STOCKHOLDERS' EQUITY	506.3	430.0	400.7
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,568.7	$ 983.2	$ 1,000.4

SEE ACCOMPANYING NOTES

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED
(AMOUNTS IN MILLIONS)

	NINE MONTHS ENDED FEBRUARY 28, 2001	NINE MONTHS ENDED FEBRUARY 29, 2000
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 135.4	$ 43.1
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Business and trademark acquisition-related payments	(396.4)	(0.2)
Prepublication costs	(36.6)	(35.7)
Additions to property, plant and equipment	(49.6)	(28.8)
Royalty advances	(19.3)	(17.1)
Production costs	(10.2)	(8.1)
Other	(4.4)	(1.4)
Net cash used in investing activities	(516.5)	(91.3)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Borrowings under the Grolier Facility	350.0	-
Borrowings under Loan Agreement and Revolver	454.4	282.4
Repayments of Loan Agreement and Revolver	(448.8)	(249.3)
Borrowings under lines of credit	78.0	48.3
Repayments of lines of credit	(70.1)	(49.9)
Proceeds from the exercise of stock options	21.8	17.0
Other	(1.3)	(0.6)
Net cash provided by financing activities	384.0	47.9
Net increase (decrease) in cash and cash equivalents	2.9	(0.3)
Cash and cash equivalents at beginning of period	9.0	5.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 11.9	$ 5.6

SEE ACCOMPANYING NOTES

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1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements consist of the accounts of Scholastic Corporation and its wholly-owned subsidiaries (the "Company"), including the consolidated accounts of Grolier Incorporated ("Grolier") and its subsidiaries since its acquisition on June 22, 2000, (Note 3.) These financial statements have not been audited, but reflect those adjustments consisting of normal recurring items which 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 Report on Form 10-K for the fiscal year ended May 31, 2000 as well as the Current Reports on Form 8-K dated July 7, 2000, amended on September 5, 2000, and February 8, 2001 in connection with the acquisition of Grolier. (Note 3.)

The Company's business is closely correlated to the school year. Consequently, the results of operations for the nine months ended February 28, 2001 and February 29, 2000 are not necessarily indicative of the results expected for the full year. Due to the seasonal fluctuations that occur, the February 29, 2000 condensed consolidated balance sheet is included for comparative purposes.

Certain prior year amounts have been reclassified in the accompanying condensed consolidated financial statements to conform to the current year presentation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates and assumptions. Significant estimates that affect the financial statements include, but are not limited to: book returns; recoverability of inventory; recoverability of advances to authors; amortization periods; recoverability of prepublication and film production costs; purchase price allocations; and recoverability of other long-lived assets.

2. RECENT ACCOUNTING PRINCIPLES

The Company has adopted the provisions of EITF Issue 00-10, "Accounting for Shipping and Handling Fees and Costs." This Consensus states that all shipping and handling billed to a customer in a sale transaction represent fees earned for the goods provided and, accordingly, amounts billed related to shipping and handling should be classified as revenue. Shipping and handling costs are classified in cost of goods sold. Certain prior year amounts have been reclassified in accordance with the Consensus.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 requires the Company to recognize all derivatives as either assets or liabilities on the balance sheet and to measure them at fair value. Under SFAS 133, the Company is required to adopt the provisions of this standard in the first quarter of fiscal 2002. The Company does not expect that the adoption of SFAS 133 will have a material impact on its financial position, results of operations or cash flows.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 provides the SEC's views in applying generally accepted accounting principles to selected revenue recognition issues. The Company is required to adopt the provisions of SAB 101 no later than the fourth quarter of fiscal 2001. The Company does not expect that the adoption of SAB 101 will have a material impact on its financial position, results of operations or cash flows.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED (AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

In June 2000, the Accounting Standards Executive Committee issued Statement of Position No. 00-2 ("SOP 00-2"), "Accounting by Producers or Distributors of Films." SOP 00-2 replaces the Statement of Financial Accounting Standards No. 53, "Financial Reporting by Producers and Distributors of Motion Picture Films." SOP 00-2 concludes that film costs should be accounted for under an inventory model and discusses various topics such as revenue recognition, fee allocation in multiple films, accounting for exploitation costs, and impairment assessment. The Company is required to adopt the provisions of SOP 00-2 by the first quarter of fiscal 2002. The Company does not expect that the adoption of SOP 00-2 will have a material impact on its financial position or cash flows.

3. ACQUISITION OF GROLIER

On June 22, 2000, Scholastic Inc., a wholly-owned subsidiary of the Company, acquired all of the issued and outstanding capital stock of Grolier, a Delaware corporation, for $400.0 in cash. The Company is accounting for the acquisition under the purchase method of accounting.

The acquisition was financed by the Company using bank debt. Of the $400.0 Grolier purchase price, $350.0 was borrowed under a new credit facility (the "Grolier Facility") entered into to finance the acquisition, and $50.0 was borrowed under the Company's existing Loan Agreement and Revolver. (Note 5.)

The unaudited pro forma results of the Company, giving effect to the acquisition of Grolier as if it was consummated as of the first day of the nine-month period ended February 28, 2001 and February 29, 2000 are as follows:

	NINE MONTHS ENDED FEBRUARY 28, 2001	FEBRUARY 29, 2000
Revenues	$1,499.0	$1,346.9
NET INCOME	$ 50.6	$ 14.0
Net income per Class A and Common Share:		
Basic	$ 1.46	$ 0.42
Diluted	$ 1.37	$ 0.41

The following summarizes the preliminary allocation of the $396.4 purchase price allocation, which includes the related transaction and financing costs, to the net assets of Grolier acquired based upon a preliminary allocation as follows:

Accounts receivable, net	$ 105.5
Inventory	52.4
Other current assets	55.0
Property, plant and equipment, net	18.9
Goodwill and other intangibles	219.8
Other assets	54.4
Current liabilities	(86.7)
Non-current liabilities	(17.3)
Cash received upon acquisition of Grolier	(5.6)
Total purchase price	$ 396.4

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED (AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

This allocation of the purchase price is based on a preliminary valuation of Grolier's assets and liabilities and may be subject to change. The final allocation of the purchase price will be based upon a comprehensive evaluation of the fair value of Grolier's tangible and identifiable intangible assets acquired and liabilities assumed.

4. SEGMENT INFORMATION

The Company is a global children's publishing and media company with operations in the United States, the United Kingdom, Canada, Australia, New Zealand, Mexico, Hong Kong, India, Ireland, Argentina and Southeast Asia, and distributes its products and services through a variety of channels, including school book clubs, school book fairs, direct-to-home and trade.

The Company's operations are categorized in the following four segments: CHILDREN'S BOOK PUBLISHING AND DISTRIBUTION; EDUCATIONAL PUBLISHING; MEDIA, LICENSING AND ADVERTISING; and INTERNATIONAL. Such segment 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 derived from Grolier's operations are reported in all four of the Company's segments.

The following tables set forth the Company's segment information for the periods indicated:

	CHILDREN'S BOOK PUBLISHING AND DISTRIBUTION	EDUCATION PUBLISHING	MEDIA, LICENSING AND ADVERTISING	TOTAL DOMESTIC	INTERNATIONAL	OVERHEAD(1)	CONSOLIDATED
THREE MONTHS ENDED FEBRUARY 28, 2001							
Revenues	$ 266.4	$ 59.5	$ 35.4	$ 361.3	$ 71.7	$ 0.0	$ 433.0
Depreciation	1.1	0.5	0.2	1.8	1.1	3.4	6.3
Amortization (2)	4.9	12.4	6.7	24.0	1.0	0.1	25.1
Royalty advance expense	4.0	0.3	0.3	4.6	0.0	0.0	4.6
Segment profit/(loss)(3)	39.3	(7.8)	(3.3)	28.2	2.3	(14.2)	16.3
Expenditures for Long-lived assets(5)	10.8	10.6	4.8	26.2	1.0	15.6	42.8
THREE MONTHS ENDED FEBRUARY 29, 2000							
Revenues	$ 196.5	$ 40.7	$ 26.2	$ 263.4	$ 51.6	$ 0.0	$ 315.0
Depreciation	1.0	0.2	0.4	1.6	1.0	2.5	5.1
Amortization(2)	3.3	7.3	2.3	12.9	0.6	0.0	13.5
Royalty advance expense	4.1	0.2	0.2	4.5	0.0	0.0	4.5
Segment profit/(loss)(3)	35.1	(11.0)	(2.8)	21.3	0.5	(14.1)	7.7
Expenditures for long-lived assets(5)	8.4	7.5	6.5	22.4	1.1	8.9	32.4

TABLES AND NOTES CONTINUED ON THE FOLLOWING PAGE

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED (AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

4. SEGMENT INFORMATION (continued)

	CHILDREN'S BOOK PUBLISHING AND DISTRIBUTION	EDUCATIONAL PUBLISHING	MEDIA, LICENSING AND ADVERTISING	TOTAL DOMESTIC	INTERNATIONAL	OVERHEAD (1)	CONSOLIDATED
NINE MONTHS ENDED FEBRUARY 28, 2001							
Revenues	$ 918.5	$ 226.5	$ 101.1	$ 1,246.1	$ 217.3	$ 0.0	$ 1,463.4
Depreciation	3.2	1.3	2.4	6.9	3.1	9.6	19.6
Amortization (2)	13.3	38.1	13.6	65.0	2.1	0.1	67.2
Royalty advance expense	15.5	1.3	1.4	18.2	0.3	0.0	18.5
Segment profit/(loss) (3)	158.0	(1.5)	(14.0)	142.5	11.8	(43.4)	110.9
Segment assets	613.7	384.2	72.6	1,070.5	217.5	280.7	1,568.7
Long-lived assets (4)	150.5	288.1	40.0	478.6	51.2	173.2	703.0
Expenditures for long-lived assets (5)	32.2	24.7	15.7	72.6	4.0	39.1	115.7
NINE MONTHS ENDED FEBRUARY 29, 2000							
Revenues	$ 624.5	$ 149.9	$ 75.5	$ 849.9	$ 158.9	$ 0.0	$ 1,008.8
Depreciation	2.7	0.7	1.0	4.4	2.7	7.3	14.4
Amortization (2)	10.1	21.1	7.6	38.8	1.4	0.0	40.2
Royalty advance expense	17.2	0.7	1.0	18.9	1.2	0.0	20.1
Segment profit/(loss) (3)	114.0	(18.3)	(13.0)	82.7	2.9	(40.0)	45.6
Segment assets	438.4	184.4	53.4	676.2	147.1	177.1	1,000.4
Long-lived assets (4)	95.8	92.1	36.4	224.3	54.5	118.2	397.0
Expenditures for long-lived assets (5)	27.4	25.1	16.0	68.5	3.3	17.9	89.7

(1) OVERHEAD INCLUDES ALL DOMESTIC CORPORATE-RELATED ITEMS NOT ALLOCATED TO REPORTABLE SEGMENTS. AS IT RELATES TO THE SEGMENT PROFIT/(LOSS), UNALLOCATED EXPENSES INCLUDE COSTS RELATED TO THE MANAGEMENT OF CORPORATE ASSETS. IN FISCAL 2000, THE YEAR-TO-DATE OVERHEAD SEGMENT PROFIT/(LOSS) INCLUDED A NON-RECURRING CHARGE OF $8.5 PRIMARILY RELATED TO THE ESTABLISHMENT OF A LITIGATION RESERVE FOLLOWING AN ADVERSE DECISION IN A LAWSUIT. 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, ITS NATIONAL SERVICE OPERATION LOCATED IN MISSOURI AND THE GROLIER FACILITIES LOCATED IN CONNECTICUT.

(2) INCLUDES AMORTIZATION OF GOODWILL AND OTHER INTANGIBLE ASSETS, AND PREPUBLICATION AND PRODUCTION COSTS.

(3) SEGMENT PROFIT/(LOSS) REPRESENTS EARNINGS BEFORE INTEREST AND INCOME TAXES. INCLUDES THE NET EFFECT OF THE CHANGES IN SALES RETURNS ESTIMATES WHICH RESULTED IN AN INCREASE TO NET INCOME OF $3.6 ($0.10 PER DILUTED SHARE) IN THE FISCAL 2001 THIRD QUARTER.

(4) INCLUDES PROPERTY, PLANT AND EQUIPMENT, PREPUBLICATION COSTS, GOODWILL AND OTHER INTANGIBLE ASSETS, ROYALTY ADVANCES AND PRODUCTION COSTS.

(5) INCLUDES PURCHASES OF PROPERTY, PLANT AND EQUIPMENT, PREPUBLICATION AND PRODUCTION COSTS AND ROYALTY ADVANCES. THIS AMOUNT EXCLUDES THE EXPENDITURES FOR LONG-LIVED ASSETS AS PART OF THE GROLIER ACQUISITION.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED (AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

5. DEBT

The following table sets forth the Company's debt balances as of the dates indicated:

	FEBRUARY 28, 2001	MAY 31, 2000	FEBRUARY 29, 2000
Lines of Credit	$ 22.4	$ 8.5	$ 21.2
Grolier Facility	350.0	-	-
Loan Agreement and Revolver	11.2	5.6	43.0
7% Notes due 2003, net of discount	124.9	124.8	124.8
Convertible Subordinated Debentures	110.0	110.0	110.0
Other debt	0.6	0.9	3.4
TOTAL DEBT	619.1	249.8	302.4
Less current portion of long-term debt and lines of credit	(22.4)	(8.7)	(21.2)
TOTAL LONG-TERM DEBT	$ 596.7	$ 241.1	$ 281.2

GROLIER FACILITY. The acquisition of Grolier for $400.0 was financed by the Company using bank debt, of which $350.0 was borrowed under the Grolier Facility and the remaining $50.0 was borrowed under the Company's existing Loan Agreement and Revolver (as discussed below). The Grolier Facility, effective June 22, 2000, is with certain banks and Scholastic Inc., as borrower, and the Company, as guarantor. The Grolier Facility is a one year facility, which may be extended for an additional year. Borrowings bear interest at the prime rate or 0.39% to 1.10% over LIBOR (as defined). The Grolier Facility also provides for a facility fee ranging from 0.085% to 0.25%. The amounts charged vary based on the Company's credit rating. Based on the Company's current credit rating, the interest rate and facility fee charged are 0.575% over LIBOR and 0.125%, respectively. The Grolier Facility contains certain financial covenants related to debt and interest coverage ratios (as defined) and limits dividends and other distributions.

LOAN AGREEMENT. The Company and Scholastic Inc. are joint and several borrowers under an amended and restated loan agreement with certain banks, effective August 11, 1999 and amended June 22, 2000 (the "Loan Agreement"). The Loan Agreement, which expires on August 11, 2004, provides for aggregate borrowings of up to $170.0 (with a right in certain circumstances to increase borrowings to $200.0), including the issuance of up to $10.0 in letters of credit. Interest under this facility is either at the prime rate or 0.325% to 0.90% 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 0.15% if borrowings exceed 33% of the total facility. The amounts charged vary based upon the Company's credit rating. Based on the Company's current credit rating, the interest rate, facility fee and utilization fee are 0.475% over LIBOR, 0.150%, and 0.075%, respectively. The Loan Agreement contains certain financial covenants related to debt and interest coverage ratios (as defined) and limits dividends and other distributions.

REVOLVER. The Company and Scholastic Inc. are joint and several borrowers under a revolving loan agreement with a bank, effective August 10, 1999 and amended June 22, 2000 (the "Revolver"). The Revolver, which expires on August 11, 2004, provides for revolving credit loans of up to $40.0. Interest under this facility is at the prime rate minus 1% or 0.325% to 0.90% 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. Based on the Company's current credit rating, the interest rates and facility fee are at the prime rate minus 1%, 0.475% over LIBOR and 0.150%, respectively. The Revolver contains certain financial covenants related to debt and interest coverage ratios (as defined) and limits dividends and other distributions.

7% NOTES DUE 2003. In December 1996, the Company issued $125.0 of 7% Notes due 2003 (the "Notes"). The Notes are unsecured and unsubordinated obligations of the Company and will mature on December 15, 2003. The Notes are not redeemable prior to maturity. Interest on the Notes is payable semi-annually on December 15 and June 15 of each year.

CONVERTIBLE SUBORDINATED DEBENTURES. In August 1995, the Company issued $110.0 of 5.0% Convertible Subordinated Debentures due August 15, 2005 (the "Debentures"). Interest on the Debentures is payable semi-annually on August 15 and February 15 of each year. The Debentures are redeemable at the option of the Company, in whole, but not in part, at any time at 100% of the principal amount plus accrued interest. Each Debenture is convertible, at the holder's option, any time prior to maturity, into Common Stock of the Company at a conversion price of $38.43 per share, as adjusted for the Company's stock split, (see Note 10), subject to other adjustments in certain events.

6. CONTINGENCIES

The Company and certain officers have been named as defendants in litigation which alleges, among other things, violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, resulting from purportedly materially false and misleading statements to the investing public concerning the financial condition of the Company. On January 26, 2000, an order was entered granting the Company's motion to dismiss plaintiffs' Second Amended Consolidated Complaint without leave to further amend the complaint. Previously, on December 14, 1998, an order was entered granting the Company's motion to dismiss plaintiffs' First Amendment Consolidated Complaint with leave to amend the complaint. In dismissing both complaints, which alleged substantially similar claims, the court held that plaintiffs failed to state a claim upon which relief can be granted. Plaintiffs have appealed the most recent dismissal. The Company continues to believe that the litigation is without merit and will continue to vigorously defend against it.

On February 1, 1999, two subsidiaries of the Company commenced an action in the Supreme Court of the State of New York in New York County against Parachute Press, Inc. ("Parachute"), the licensor of certain publication and nonpublication rights to the GOOSEBUMPS(R) series, certain affiliated Parachute companies and R.L. Stine, individually, alleging material breach of contract and fraud in connection with the agreements under which such GOOSEBUMPS rights are licensed to the Company. The issues in the case are also, in part, the subject of two litigations commenced by Parachute following repeated notices from the Company to Parachute of material breaches by Parachute of the agreements under which such rights are licensed and the exercise by the Company of its contractual remedies under the agreements. The first Parachute action, in which two subsidiaries of the Company are defendants and counterclaim plaintiffs, was commenced in the federal court for the Southern District of New York on February 14, 1997 and was dismissed for lack of subject matter jurisdiction on January 29, 1999. On appeal, the Court of Appeals for the Second Circuit vacated the dismissal and remanded the case for further proceedings. The second Parachute action was filed contemporaneously with the filing of the Company's complaint on February 1, 1999 in the Supreme Court of the State of New York in New York County. In its two complaints, and in its counterclaims, Parachute alleges that the exercise of contractual remedies by the Company was improper and seeks declaratory relief and unspecified damages for, among other claims, alleged breaches of contract and acts of unfair competition. Damages sought by Parachute include the payment of a total of approximately $36.1 of advances over the term of the contract (of which approximately $15.3 had been paid at the time the first Parachute litigation began) and payments of royalties set-off by Scholastic against amounts claimed by the Company. The Company is seeking declaratory relief and damages for, among other claims, breaches of contract, fraud and acts of unfair competition. Damages sought by the Company include lost profits and disgorgement of certain payments received by Parachute. On July 21, 2000, the Company and Parachute each filed motions for partial summary judgement in the state court cases. The Company intends to vigorously pursue its claims against Parachute and the other named defendants and to vigorously defend its position in these proceedings. The Company does not believe that this dispute will have a material adverse effect on its financial condition.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED (AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

In addition to the above actions, various claims and lawsuits arising in the normal course of business are pending against the Company. The results of these proceedings are not expected to have a material adverse effect on the Company's consolidated financial position or results of operations.

7. COMPREHENSIVE INCOME

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28, 2001	FEBRUARY 29, 2000	FEBRUARY 28, 2001	FEBRUARY 29, 2000
Net income	$ 3.7	$ 2.0	$ 49.4	$ 19.7
Other comprehensive income (loss):				
Foreign currency translation adjustment net of provision for (benefit from) income taxes	1.5	(0.9)	(2.5)	(1.1)
COMPREHENSIVE INCOME	$ 5.2	$ 1.1	$ 46.9	$ 18.6

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED (AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

8. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated to give effect to potentially dilutive stock options and convertible debentures that were outstanding during the period. The following table, which includes the impact of the Company's stock dividend in the form of a 2-for-1 stock split, effective January 16, 2001 (Note 10), summarizes the reconciliation of the numerators and denominators for the Basic and Diluted earnings per share ("EPS") computations for the periods indicated:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28,	FEBRUARY 29,	FEBRUARY 28,	FEBRUARY 29,
	2001	2000	2001	2000
Net income for Basic EPS	$ 3.7	$ 2.0	$ 49.4	$ 19.7
Effect of convertible debt	-(1)	-(1)	2.6	-(1)
Net income for Diluted EPS	$ 3.7	$ 2.0	$ 52.0	$ 19.7
Weighted-average shares for Basic EPS	35.0	33.7	34.5	33.2
Effect of stock options	1.7	1.0	1.4	0.8
Effect of convertible debt	-(1)	-(1)	2.9	-(1)
WEIGHTED-AVERAGE SHARES FOR DILUTED EPS	36.7	34.7	38.8	34.0
Net income per Class A and Common Share:				
Basic	$ 0.11	$ 0.06	$ 1.43	$ 0.59
Diluted	$ 0.10	$ 0.06	$ 1.34	$ 0.58

(1) The effect of the 5.0% Convertible Subordinated Debentures on the weighted-average shares outstanding was anti-dilutive and therefore not included in the calculation.

9. NON-RECURRING CHARGE

The operating results for the nine months ended February 29, 2000 include a $8.5 non-recurring charge primarily related to the establishment of a litigation reserve following an adverse decision in a lawsuit, which was received on December 10, 1999. The case involves stock appreciation rights allegedly granted in 1990 in connection with a joint venture formed primarily to produce motion pictures. Although the Company disagrees with the decision and is appealing the ruling, the Company has recorded a $6.7 charge to fully reserve with respect to the case. The $8.5 charge also includes an unrelated expense of $1.8 relating to the liquidation of certain stock options.

10. COMMON AND CLASS A STOCK

On December 14, 2000, the Company's Board of Directors approved a 2-for-1 stock split in the form of a 100% stock dividend on its Common Stock and Class A Stock, effective January 16, 2001 to stockholders of record as of December 29, 2000. Stockholders of record received one additional share of Common Stock or Class A Stock for each share held on the record date. All outstanding rights under stock options and stock purchase plans to acquire the Company's Common Stock and under the Company's 5% Convertible Subordinated Debentures due 2005 were adjusted to give effect to the stock split.

11. SUBSEQUENT EVENT

On April 16, 2001 the Company announced a strategic decision to focus its educational publishing efforts on its fast-growing research-based reading improvement instructional materials consisting of intervention, technology, phonics, early childhood, extended learning and summer school programs, which help students overcome reading problems and achieve higher test scores. As part of this new focus, the Company announced that it will not update SCHOLASTIC LITERACY PLACE(R) for future state adoptions.

The decision will result in an estimated one-time pre-tax charge ranging between $65.0 and $70.0, or $1.05 - $1.15 per share after tax for the fourth quarter ending May 31, 2001. The charge includes previously capitalized prepublication costs with respect to SCHOLASTIC LITERACY PLACE, as well as inventory, severance and other related costs.

RESULTS OF OPERATIONS - CONSOLIDATED

Revenues for the quarter ended February 28, 2001 increased 37% to $433.0 million compared to $315.0 million in the year ago quarter. For the nine months ended February 28, 2001, revenues increased 45% to $1,463.4 million from $1,008.8 million in the prior year period. Revenues for the three and nine month periods reflect growth across all segments of the Company's business, benefiting from the inclusion of the results of Grolier Incorporated ("Grolier") following the closing of the acquisition on June 22, 2000. The inclusion of the results of Grolier provided $100.0 million and $276.4 million of the revenues for the three and nine-month periods, respectively. The Company's CHILDREN'S BOOK PUBLISHING AND DISTRIBUTION segment, including components of Grolier, grew by 36% over the prior year quarter and by 47% over the prior year-to-date period. This segment accounted for approximately 62% of the Company's revenues for the three and nine-month periods in both the current and prior year periods.

Cost of goods sold as a percentage of sales decreased from 50.1% to 46.1% for the quarter ended February 28, 2001 and from 50.4% to 45.8% for the nine-month period compared to the prior year periods. This improvement resulted primarily from the addition of Grolier sales in Fiscal 2001 and the significant increase in higher margin Trade sales due in part to better than expected sell-through in the CHILDREN'S BOOK PUBLISHING AND DISTRIBUTION segment partially offset by higher cost of product on the Harry Potter companion books. Selling, general and administrative expenses as a percentage of sales increased from 45.4% to 47.9% for the quarter ended February 28, 2001 when compared to the prior year quarter. This increase relates primarily to increased promotional spending, Grolier integration costs and the timing of certain compensation related expenses. For the year-to-date period, selling, general and administrative expenses as a percentage of sales increased from 42.4% to 44.6% when compared to the same period in the prior fiscal year.

Operating profit for the quarter ended February 28, 2001 more than doubled to $16.3 million compared to $7.7 million in the same quarter of the prior fiscal year. For the nine-month period, operating expenses for the prior year include a non-recurring charge of $8.5 million primarily due to the establishment of a $6.7 million litigation reserve following an adverse decision in a lawsuit. The case, which the Company has appealed, involves stock appreciation rights allegedly granted in connection with a joint venture formed primarily to produce motion pictures. The non-recurring charge also includes an unrelated expense of $1.8 million due to the liquidation of certain stock options. Excluding the impact of the prior-year non-recurring charge, operating profit improved 105% to $110.9 million from $54.1 million in the prior year. Including the prior-year non-recurring charge, operating profit for the nine-month period improved 143% over the same period in the prior fiscal year. These increases reflect the impact of the inclusion of Grolier's revenues in the Company's results combined with strong sales across all business segments.

Net income for the quarter ended February 28, 2001 increased to $3.7 million, or $0.10 per diluted share, compared to $2.0 million, or $0.06 per share, in the prior year quarter. For the nine-month period, net income increased 97% to $49.4 million, or $1.34 per diluted share, compared to $25.1 million, or $0.74 per diluted share (excluding the $0.16 per share non-recurring charge). All per share amounts have been adjusted to reflect the 2-for-1 stock split effective January 16, 2001. (Note 10 to Notes to Condensed Consolidated Financial Statements and "Common and Class A Stock" below.)

RESULTS OF OPERATIONS - SEGMENTS

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 its school book clubs, continuity programs, school book fairs and the trade channel. This segment also includes Grolier's direct-to-home book clubs and trade sales in the United States in the current fiscal year.

(IN MILLIONS)	THREE MONTHS ENDED FEBRUARY 28, 2001	THREE MONTHS ENDED FEBRUARY 29, 2000	NINE MONTHS ENDED FEBRUARY 28, 2001	NINE MONTHS ENDED FEBRUARY 29, 2000
Revenue	$ 266.4	$ 196.5	$ 918.5	$ 624.5
Operating Profit	39.3	35.1	158.0	114.0
OPERATING MARGIN	14.8%	17.9%	17.2%	18.3%

Revenues in the CHILDREN'S BOOK PUBLISHING AND DISTRIBUTION segment for the quarter ended February 28, 2001 increased 36% to $266.4 million compared to $196.5 million in the year ago quarter. Grolier Home Book Clubs and Trade revenues added $58.2 million. For the quarter ended February 28, 2001, revenues in the School Book Fairs increased 22% and revenues in the Scholastic Trade channel increased 10% over the prior year period while School Book Clubs matched last year's levels. In the quarter, the Company recorded approximately $12.0 million in trade revenues related to two new Harry Potter companion books written by J.K. Rowling. Per the author's request, all net proceeds are being donated to Comic Relief, UK and thus these books diluted segment margin. For the nine-month period, revenues increased 47% to $918.5 million compared to $624.5 million in the year ago period. This increase reflects the addition of $165.6 million in revenue from Grolier's operations and increased revenues in the Company's Trade and School Book Fair operations. Trade revenues continued to benefit from better than expected sell-through of HARRY POTTER and other Scholastic titles. In addition to Harry Potter, other top selling trade titles for the quarter ended February 28, 2001 included I SPY(TM), DEAR AMERICA(R), ROYAL DIARIES, CLIFFORD THE BIG RED DOG(R), CAPTAIN UNDERPANTS(TM), SCOOBY DOO and POWERPUFF GIRLS.

Segment operating profit for the quarter increased 12% to $39.3 million as compared to $35.1 million in the prior year. This improvement primarily resulted from the addition of Grolier Home Book Clubs and the impact of better than expected sell-through in Trade, which lowered reserve requirements and increased net income by $3.6 million, or $0.10 per share, in the quarter. The Company monitors sales information from retailers related to the sales of its Trade titles and adjusts its estimates for sales returns when results warrant. For the nine-month period, operating profit improved by 39% to $158.0 million, as compared to an operating profit of $114.0 million for the prior year period. This growth reflects the continuing strength of the Trade business and the benefit of the addition of the Grolier business.

EDUCATIONAL PUBLISHING

The Company's EDUCATIONAL PUBLISHING segment includes the publication and distribution of grades K to 12 textbooks, supplemental materials, classroom magazines, teaching resources and instructional technology in and from the United States to schools and libraries. This segment includes Grolier Publishing, which includes print and on-line children's non-fiction and reference products, in the current fiscal year.

(IN MILLIONS)	THREE MONTHS ENDED FEBRUARY 28, 2001	THREE MONTHS ENDED FEBRUARY 29, 2000	NINE MONTHS ENDED FEBRUARY 28, 2001	NINE MONTHS ENDED FEBRUARY 29, 2000
Revenue	$ 59.5	$ 40.7	$ 226.5	$ 149.9
Operating Loss	(7.8)	(11.0)	(1.5)	(18.3)
OPERATING MARGIN	*	*	*	*

* - NOT MEANINGFUL

Revenues in the EDUCATIONAL PUBLISHING segment for the quarter ended February 28, 2001 increased 46% to $59.5 million compared to $40.7 million in the year ago quarter. For the nine months, revenues increased 51% to $226.5 million, compared to $149.9 million in the year ago period. Revenues for both the quarter and year-to-date period ($17.0 million and $44.1 million, respectively), benefited from the addition of Grolier's print and on-line non-fiction and reference sales combined with increases in Scholastic's core and supplemental curriculum sales.

Operating loss for this segment for the third quarter was $7.8 million, compared to an operating loss of $11.0 million in the prior fiscal year quarter. For the nine month period, operating loss improved by $16.8 million over the prior year period, primarily due to an increase in sales of SCHOLASTIC LITERACY PLACE(R) 2000, and READ 180(TM), combINED with strong sales of supplemental curriculum.

MEDIA, LICENSING AND ADVERTISING

The Company's MEDIA, LICENSING AND ADVERTISING segment includes the production and distribution of programming and consumer products (including children's television programming, videos, CD-ROM's, feature films and non-book products) and internet services, as well as advertising and promotional activities.

(IN MILLIONS)	THREE MONTHS ENDED FEBRUARY 28, 2001	THREE MONTHS ENDED FEBRUARY 29, 2000	NINE MONTHS ENDED FEBRUARY 28, 2001	NINE MONTHS ENDED FEBRUARY 29, 2000
Revenue	$ 35.4	$ 26.2	$ 101.1	$ 75.5
Operating Loss	(3.3)	(2.8)	(14.0)	(13.0)
OPERATING MARGIN	*	*	*	*

* - NOT MEANINGFUL

RESULTS OF OPERATIONS - SEGMENTS (CONTINUED)

MEDIA, LICENSING AND ADVERTISING revenues increased approximately 35% to $35.4 million in the third quarter of fiscal 2001 from the prior year quarter. For the nine months ended February 28, 2001, revenues increased approximately 34% to $101.1 million from $75.5 million for the same period of the prior fiscal year. The improvement in both the quarter and nine-month period reflect the impact of production revenues from the new animated series CLIFFORD THE BIG RED DOG(TM) and increased advertising revenues from the Company's professional magazines.

For the quarter ended February 28, 2001, this segment recognized an operating loss of $3.3 million as compared to an operating loss of $2.8 million in the same period of the prior fiscal year. On a year-to-date basis, the operating loss was to $14.0 million as compared to an operating loss of $13.0 million in the same period of the prior fiscal year. These results reflect the impact of increased editorial and other operating costs associated with Scholastic's internet activities.

INTERNATIONAL

The INTERNATIONAL segment includes the publication and distribution of products and services outside the United States by the Company's domestic export and foreign rights businesses and the Company's operations in the United Kingdom, Canada, Australia, New Zealand and Southeast Asia and its emerging businesses in Mexico, India, Ireland and Argentina.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
(IN MILLIONS)	FEBRUARY 28,	FEBRUARY 29,	FEBRUARY 28,	FEBRUARY 29,
	2001	2000	2001	2000
Revenue	$ 71.7	$ 51.6	$ 217.3	$ 158.9
Operating Profit	2.3	0.5	11.8	2.9
OPERATING MARGIN	3.2%	1.0%	5.4%	1.8%

* - NOT MEANINGFUL

INTERNATIONAL revenues increased by approximately 38% for both the quarter and year-to-date periods ended February 28, 2001 when compared to the corresponding prior year periods. The increase reflects the inclusion of Grolier ($22.4 million and $59.0 million, for the respective periods) in the Company's results as well as an increase in the results of the Canadian operations led by the School Book Club operations. Operating profit improved $1.8 million from the prior year quarter and $8.9 million from the prior year nine-month period. This increase is attributed to the inclusion of Grolier in segment results combined with strong Canadian and export results, all of which were partially offset by the adverse impact of foreign exchange fluctuations and lower revenues for the Australia and United Kingdom operations.

SEASONALITY

The Company's school book clubs, school book fairs and most of its magazines operate on a school-year basis; therefore, the Company's business is highly seasonal. As a consequence, generally, the Company's revenues in the first and third quarters of the fiscal year are lower than its revenues in the other two fiscal quarters, and the Company experiences a loss from operations in the first quarter. Typically, School Book Clubs and School Book Fairs experience the largest revenues in the second quarter of the fiscal year, while revenues from the sale of instructional materials are higher in the first quarter. The acquisition of Grolier is not expected to substantially change the Company's historic seasonality.

For the June through October time period, the Company experiences negative cash flow due to the seasonality of its business. Historically, as a result of the Company's business cycle, seasonal borrowings have increased during June, July and August, have generally peaked in September or October, and have been at their lowest point in May.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents increased by $2.9 million during the nine-month period ended February 28, 2001, compared to an decrease of $0.3 million during the comparable period in the prior fiscal year.

Net cash flow provided by operations was $135.4 million for the nine-month period primarily as a result of improved operating performance.

Cash outflows for investing activities were $516.5 million for the nine-month period, largely as a result of the acquisition of Grolier and increased spending for capital expenditures. Capital expenditures totaled $49.6 million for the nine-month period of fiscal 2001, increasing $20.8 million over the same period in fiscal 2000 largely as a result of the expansion of the Company's corporate headquarters and continuing investment in systems development.

The Company believes its existing cash position, combined with funds generated from operations and available under the amended Loan Agreement and the Revolver, will be sufficient to finance its ongoing working capital requirements through the next fiscal year.

FINANCING

To finance the June 22, 2000 acquisition of Grolier, the Company borrowed $350.0 million under a new credit facility (the "Grolier Facility") and borrowed the remaining $50.0 million under the Company's existing Loan Agreement and Revolver. The Grolier Facility is a one year facility, which may be extended for an additional year. The weighted-average interest rate under the Grolier Facility for the period June 22, 2000 through February 28, 2001 was 7%.

The Company maintains two unsecured credit facilities, the Loan Agreement and the Revolver, which provide for aggregate borrowings of up to $210.0 million (with a right, in certain circumstances, to increase borrowings to $240.0 million), including the issuance of up to $10.0 million in letters of credit. Both the Loan Agreement and the Revolver expire on August 11, 2004. The Company primarily uses these facilities to fund seasonal cash flow needs and other working capital requirements. At February 28, 2001, the Company had $11.2 million in borrowings outstanding under these facilities at a weighted average interest rate of 7%.

In addition, unsecured lines of credit available to the Company's United Kingdom, Canadian, Australian, New Zealand and Southeast Asian operations totaled $50.7 million at February 28, 2001. These lines are used primarily to fund local working capital needs. At February 28, 2001, $22.4 million in borrowings were outstanding under these lines of credit at a weighted-average interest rate of 8%.

On February 20, 2001, the Company's Registration Statement on Form S-3 (the "Registration Statement") became effective with the Securities and Exchange Commission to register and sell up to $400 million of any combination of debt and equity securities from time to time or in one or more offerings depending on favorable market conditions. The Company currently anticipates that proceeds from any offering will be used primarily to refinance the Grolier acquisition costs. Any offers under the Registration Statement will be made solely by means of a prospectus or prospectus supplement that is issued in respect of any such offering.

ACQUISITIONS

On June 22, 2000, the Company acquired the capital stock of Grolier for $400.0 million in cash. In the ordinary course of business, the Company explores domestic and international expansion opportunities, including potential niche and strategic acquisitions. As part of this process, the Company engages with interested parties in discussions concerning possible transactions. The Company will continue to evaluate such opportunities and prospects.

COMMON AND CLASS A STOCK

The Company's Board of Directors approved a 2-for-1 stock split in the form of a 100% stock dividend on its Common Stock and Class A Stock, payable January 16, 2001 to stockholders of record as of December 29, 2000. Stockholders of record received one additional share of Common Stock or Class A Stock for each share held on the record date. The additional shares were mailed or delivered on or about January 16, 2001 by the Company's transfer agent, ChaseMellon Shareholder Services L.L.C. All outstanding rights under stock options and stock purchase plans to acquire the Company's Common Stock and under the Company's 5% Convertible Subordinated Debentures due 2005 were adjusted to give effect to the stock split.

SUBSEQUENT EVENT

On April 16, 2001 the Company announced a strategic decision to focus its educational publishing efforts on its fast-growing research-based reading improvement instructional materials consisting of intervention, technology, phonics, early childhood, extended learning and summer school programs, which help students overcome reading problems and achieve higher test scores. As part of this new focus, the Company announced that it will not update SCHOLASTIC LITERACY PLACE(R) for future state adoptions.

The decision will result in an estimated one-time pre-tax charge ranging between $65 million and $70 million, or $1.05 - $1.15 per share after tax for the fourth quarter ending May 31, 2001. The charge includes previously capitalized prepublication costs with respect to SCHOLASTIC LITERACY PLACE, as well as inventory, severance and other related costs. This is expected to improve cash flow in fiscal 2002 due to lower capital spending and inventory requirements, modestly improve fiscal 2002 overall operating margins, be earnings neutral in fiscal 2002 and have a favorable impact on earnings and margins thereafter.

FORWARD LOOKING STATEMENTS

This Report on Form 10-Q contains forward-looking statements, which are subject to various risks and uncertainties, including the conditions of the children's book and instructional materials markets and acceptance of the Company's products within those markets and other risks and factors identified in the Company's Report on Form 10-K for the fiscal year ended May 31, 2000.

The Company posts on its website, www.scholastic.com/aboutscholastic/investor/index/htm, the date of its upcoming financial press releases and telephonic analyst call at least five days prior to the dissemination of its financial press releases. The Company's analyst calls are open to the public and remain available to the public through the Company's website for at least five days after the date of call.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 do not represent a significant risk in the context of the Company's current international operations. The Company does not generally enter into derivative financial instruments in the normal course of business for material amounts, nor are such instruments used for speculative purposes.

Market risks relating to the Company's operations result primarily from changes in interest rates. As a result of the financing related to the Grolier acquisition, approximately 62% of the Company's total debt bears interest at a variable rate and is sensitive to changes in interest rates. The Company is subject to the risk that market interest rates will increase and thereby increase the interest rates currently being charged under the variable rate debt. Under its current policies, the Company does not utilize any interest rate derivative instruments to manage its exposure to interest rate changes.

As of February 28, 2001, the balance outstanding under its variable rate facilities was $384.2 million. The nine-month weighted-average interest rate under its variable rate facilities was 7%. A 15% increase or decrease in the average cost of the Company's variable rate debt under the various facilities at February 28, 2001 would impact the Company's results of operations by approximately $4.3 million annually on a pre-tax basis.

PART II - OTHER INFORMATION

SCHOLASTIC CORPORATION

ITEM 4. SUBMISSIONS OF MATTERS TO VOTE OF SECURITY HOLDERS

In accordance with the terms of the Amended and Restated Certificate of Incorporation of the Company, by written consent dated October 3, 2000, the holders of the all of the outstanding shares of Class A Stock unanimously approved to increase the number of members constituting the full Board of Directors of the Company from twelve to thirteen. There were no abstentions or broker non-votes in connection with this matter. In conjunction with this action, by written consent dated November 27, 2000, the Board of Directors of the Company unanimously elected Jack Davies, founder of AOL International, as a member of the board.

ITEM 5. OTHER INFORMATION

The Company expects to discuss Footnote 11. Subsequent Event to the Notes to Condensed Consolidated Financial Statements in a conference call at 9:00 a.m. (Eastern time) on April 17, 2001. To participate, call 1-800-621-7762 with the password "SCHOLASTIC." The meeting leader is Richard Robinson. An audio replay of the call will also be available from at 9:00 a.m. to 5:00 p.m. (Eastern time) April 17, 2001 to April 24, 2001 by calling 1-888-566-0418.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) Reports on Form 8-K filed during the quarter:

Current Report on Form 8-K filed on February 8, 2001 regarding the Unaudited Pro Forma Condensed Consolidated Statement of Income for the six months ended November 30, 2000 and related notes giving effect to the acquisition of Grolier Incorporated by Scholastic Inc. on June 22, 2000.

SCHOLASTIC CORPORATION
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 thereunto duly authorized.

SCHOLASTIC CORPORATION
(Registrant)

Date: April 16, 2001

/s/ Richard Robinson

Richard Robinson
CHAIRMAN OF THE BOARD,
PRESIDENT, CHIEF EXECUTIVE
OFFICER AND DIRECTOR

Date: April 16, 2001

/s/ Kevin J. McEnery

Kevin J. McEnery
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER