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 August 31, 2022 Commission File No. 000-19860

SCHOLASTIC CORPORATION

(Exact name of Registrant as specified in its charter)

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

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

Title of Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	SCHL	The NASDAQ Stock Market LLC

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ 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 August 31, 2022
Common Stock, $0.01 par value	32,749,385
Class A Stock, $0.01 par value	1,656,200

SCHOLASTIC

SCHOLASTIC CORPORATION

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED AUGUST 31, 2022

INDEX

		Page
Part I - Financial Information		
Item 1.	Financial Statements	
	Condensed Consolidated Statements of Operations (Unaudited)	3
	Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)	4
	Condensed Consolidated Balance Sheets (Unaudited)	5
	Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)	6
	Condensed Consolidated Statements of Cash Flows (Unaudited)	7
	Notes to Condensed Consolidated Financial Statements (Unaudited)	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	27
Item 4.	Controls and Procedures	28
Part II - Other Information		
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	29
Item 6.	Exhibits	30
Signatures		32

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three months ended August 31, 2022	Three months ended August 31, 2021
Revenues	**$ 262.9**	**$ 259.8**
Operating costs and expenses:		
Cost of goods sold	144.5	133.3
Selling, general and administrative expenses	162.8	143.6
Depreciation and amortization	13.7	14.9
Total operating costs and expenses	321.0	291.8
Operating income (loss)	**(58.1)**	**(32.0)**
Interest income (expense), net	0.2	(1.3)
Other components of net periodic benefit (cost)	0.0	0.0
Earnings (loss) before income taxes	**(57.9)**	**(33.3)**
Provision (benefit) for income taxes	(12.5)	(8.9)
Net income (loss)	**(45.4)**	**(24.4)**
Less: Net income (loss) attributable to noncontrolling interest	0.1	(0.2)
Net income (loss) attributable to Scholastic Corporation	**$ (45.5)**	**$ (24.2)**
Basic and diluted earnings (loss) per share of Class A and Common Stock		
Basic	$ (1.33)	$ (0.70)
Diluted	$ (1.33)	$ (0.70)

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - UNAUDITED
(Dollar amounts in millions)

	Three months ended August 31,			
	2022		2021	
Net income (loss)	**$**	**(45.4)**	**$**	**(24.4)**
Other comprehensive income (loss), net:				
Foreign currency translation adjustments		(9.6)		(5.8)
Pension and postretirement adjustments (net of tax)		0.0		0.1
Total other comprehensive income (loss), net	**$**	**(9.6)**	**$**	**(5.7)**
Comprehensive income (loss)	**$**	**(55.0)**	**$**	**(30.1)**
Less: Net income (loss) attributable to noncontrolling interest		0.1		(0.2)
Comprehensive income (loss) attributable to Scholastic Corporation	**$**	**(55.1)**	**$**	**(29.9)**

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
(Dollar amounts in millions, except per share data)

	August 31, 2022 (unaudited)	May 31, 2022 (audited)	August 31, 2021 (unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 239.7	$ 316.6	$ 308.6
Accounts receivable, net	242.9	299.4	244.3
Inventories, net	379.1	281.4	298.1
Income tax receivable	40.4	26.8	35.4
Prepaid expenses and other current assets	89.4	68.1	71.7
Assets held for sale	—	3.7	—
Total current assets	**991.5**	**996.0**	**958.1**
Noncurrent Assets:			
Property, plant and equipment, net	512.6	517.0	550.6
Prepublication costs, net	53.6	55.5	63.0
Operating lease right-of-use assets, net	77.9	81.9	71.7
Royalty advances, net	57.6	49.2	47.8
Goodwill	124.7	125.3	125.9
Noncurrent deferred income taxes	21.1	21.5	25.1
Other assets and deferred charges	92.7	94.4	83.1
Total noncurrent assets	**940.2**	**944.8**	**967.2**
Total assets	**$ 1,931.7**	**$ 1,940.8**	**$ 1,925.3**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Lines of credit and current portion of long-term debt	$ 6.3	$ 6.5	$ 89.5
Accounts payable	208.9	162.3	185.6
Accrued royalties	85.0	61.3	65.8
Deferred revenue	182.6	172.8	125.5
Other accrued expenses	162.6	193.3	168.2
Accrued income taxes	1.7	2.7	3.2
Operating lease liabilities	21.2	20.8	23.8
Total current liabilities	**668.3**	**619.7**	**661.6**
Noncurrent Liabilities:			
Long-term debt	—	—	—
Operating lease liabilities	65.8	69.8	60.0
Other noncurrent liabilities	31.3	32.9	54.1
Total noncurrent liabilities	**97.1**	**102.7**	**114.1**
Commitments and Contingencies (see Note 6)	**—**	**—**	**—**
Stockholders' Equity:			
Preferred Stock, $1.00 par value: Authorized, 2.0 shares; Issued and Outstanding, none	$ —	$ —	$ —
Class A Stock, $0.01 par value: Authorized, 4.0 shares; Issued and Outstanding, 1.7 shares	0.0	0.0	0.0
Common Stock, $0.01 par value: Authorized, 70.0 shares; Issued, 42.9 shares; Outstanding, 32.7, 32.5, and 32.8 shares, respectively	0.4	0.4	0.4
Additional paid-in capital	629.5	627.0	627.6
Accumulated other comprehensive income (loss)	(55.0)	(45.4)	(40.4)
Retained earnings	924.1	976.5	887.0
Treasury stock, at cost: 10.2, 10.4 and 10.2 shares, respectively	(334.2)	(341.5)	(326.3)
Total stockholders' equity of Scholastic Corporation	**1,164.8**	**1,217.0**	**1,148.3**
Noncontrolling interest	1.5	1.4	1.3
Total stockholders' equity	**1,166.3**	**1,218.4**	**1,149.6**
Total liabilities and stockholders' equity	**$ 1,931.7**	**$ 1,940.8**	**$ 1,925.3**

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - UNAUDITED
(Dollar amounts in millions, except per share data)

	Class A Stock		Common Stock								
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock At Cost	Total Stockholders' Equity of Scholastic Corporation	Noncontrolling Interest	Total Stockholders' Equity
Balance at June 1, 2021	**1.7**	**$ 0.0**	**32.7**	**$ 0.4**	**$ 626.5**	**$ (34.7)**	**$ 916.4**	**$ (327.8)**	**$ 1,180.8**	**$ 1.5**	**$ 1,182.3**
Net Income (loss)	—	—	—	—	—	—	(24.2)	—	(24.2)	(0.2)	(24.4)
Foreign currency translation adjustment	—	—	—	—	—	(5.8)	—	—	(5.8)	—	(5.8)
Pension and post-retirement adjustments (net of tax of $0.1)	—	—	—	—	—	0.1	—	—	0.1	—	0.1
Stock-based compensation	—	—	—	—	1.5	—	—	—	1.5	—	1.5
Proceeds pursuant to stock-based compensation plans	—	—	—	—	0.5	—	—	—	0.5	—	0.5
Treasury stock issued pursuant to equity-based plans	—	—	0.1	—	(0.9)	—	—	1.5	0.6	—	0.6
Dividends ($0.15 per share)	—	—	—	—	—	—	(5.2)	—	(5.2)	—	(5.2)
Balance at August 31, 2021	**1.7**	**$ 0.0**	**32.8**	**$ 0.4**	**$ 627.6**	**$ (40.4)**	**$ 887.0**	**$ (326.3)**	**$ 1,148.3**	**$ 1.3**	**$ 1,149.6**

	Class A Stock		Common Stock								
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock At Cost	Total Stockholders' Equity of Scholastic Corporation	Noncontrolling Interest	Total Stockholders' Equity
Balance at June 1, 2022	**1.7**	**$ 0.0**	**32.5**	**$ 0.4**	**$ 627.0**	**$ (45.4)**	**$ 976.5**	**$ (341.5)**	**$ 1,217.0**	**$ 1.4**	**$ 1,218.4**
Net Income (loss)	—	—	—	—	—	—	(45.5)	—	(45.5)	0.1	(45.4)
Foreign currency translation adjustment	—	—	—	—	—	(9.6)	—	—	(9.6)	—	(9.6)
Pension and post-retirement adjustments (net of tax of $0.1)	—	—	—	—	—	0.0	—	—	0.0	—	0.0
Stock-based compensation	—	—	—	—	1.7	—	—	—	1.7	—	1.7
Proceeds pursuant to stock-based compensation plans	—	—	—	—	11.6	—	—	—	11.6	—	11.6
Purchases of treasury stock at cost	—	—	(0.1)	—	—	—	—	(5.1)	(5.1)	—	(5.1)
Treasury stock issued pursuant to equity-based plans	—	—	0.3	—	(10.8)	—	—	12.4	1.6	—	1.6
Dividends ($0.20 per share)	—	—	—	—	—	—	(6.9)	—	(6.9)	—	(6.9)
Balance at August 31, 2022	**1.7**	**$ 0.0**	**32.7**	**$ 0.4**	**$ 629.5**	**$ (55.0)**	**$ 924.1**	**$ (334.2)**	**$ 1,164.8**	**$ 1.5**	**$ 1,166.3**

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED
(Dollar amounts in millions)

	Three months ended	
	August 31, 2022	**August 31, 2021**
Cash flows - operating activities:		
Net income (loss) attributable to Scholastic Corporation	**$ (45.5)**	**$ (24.2)**
Adjustments to reconcile Net income (loss) to net cash provided by (used in) operating activities:		
Provision for losses on accounts receivable	(1.5)	1.6
Provision for losses on inventory	4.2	4.5
Provision for losses on royalty advances	0.9	0.9
Amortization of prepublication costs	6.3	6.8
Depreciation and amortization	16.2	16.4
Amortization of pension and postretirement plans	(0.1)	(0.0)
Deferred income taxes	0.1	0.0
Stock-based compensation	1.7	1.5
Income from equity-method investments	(0.1)	(1.1)
Changes in assets and liabilities, net of amounts acquired:		
Accounts receivable	54.6	8.1
Inventories	(105.9)	(35.6)
Prepaid expenses and other current assets	(20.8)	(25.1)
Income tax receivable	(13.7)	53.4
Royalty advances	(9.7)	(5.2)
Accounts payable	48.9	48.9
Accrued income taxes	(0.9)	0.3
Accrued royalties	24.5	20.8
Deferred revenue	10.4	26.9
Other accrued expenses	(28.7)	(32.5)
Other, net	(1.2)	(2.8)
Net cash provided by (used in) operating activities	(60.3)	63.6
Cash flows - investing activities:		
Prepublication expenditures	(4.8)	(4.3)
Additions to property, plant and equipment	(11.4)	(10.2)
Net cash provided by (used in) investing activities	(16.2)	(14.5)
Cash flows - financing activities:		
Borrowings under lines of credit, credit agreement and revolving loan	1.2	0.9
Repayments of lines of credit, credit agreement and revolving loan	(1.3)	(101.3)
Repayment of capital lease obligations	(0.6)	(0.6)
Reacquisition of common stock	(4.7)	—
Proceeds pursuant to stock-based compensation plans	12.1	0.5
Payment of dividends	(5.1)	(5.2)
Other	—	0.1
Net cash provided by (used in) financing activities	1.6	(105.6)
Effect of exchange rate changes on cash and cash equivalents	(2.0)	(1.4)
Net increase (decrease) in cash and cash equivalents	(76.9)	(57.9)
Cash and cash equivalents at beginning of period	316.6	366.5
Cash and cash equivalents at end of period	**$ 239.7**	**$ 308.6**

See accompanying notes

1. BASIS OF PRESENTATION

Principles of consolidation

The accompanying condensed consolidated interim financial statements (referred to as the "Financial Statements" herein) include the accounts of Scholastic Corporation (the "Corporation") and all wholly-owned and majority-owned subsidiaries (collectively, "Scholastic" or the "Company"). Intercompany transactions are eliminated in consolidation.

The Company's fiscal year is not a calendar year. Accordingly, references in this document to fiscal 2023 relate to the twelve-month period ending May 31, 2023.

Noncontrolling Interest

The Company owns a 95.0% majority ownership interest in Make Believe Ideas Limited ("MBI"), a UK-based children's book publishing company. The founder and chief executive officer of MBI retains a 5.0% noncontrolling ownership interest in MBI. The Company fully consolidated MBI as of the acquisition date, and the 5.0% noncontrolling interest is classified within stockholder's equity.

Interim Financial Statements

The accompanying Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission ("SEC") for interim financial information, and should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2022. The Financial Statements presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management, the Financial Statements reflect all adjustments, consisting solely of normal, recurring adjustments, necessary for the fair presentation of the Financial Statements for the periods presented.

Seasonality

The Company's *Children's Book Publishing and Distribution* school-based book club and book fair channels and most of its *Education Solutions* businesses operate on a school-year basis; therefore, the Company's business is highly seasonal. As a result, the Company's revenues in the first and third quarters of the fiscal year generally are lower than its revenues in the other two fiscal quarters. Typically, school-based channels and magazine revenues are minimal in the first quarter of the fiscal year as schools are not in session. Education channel revenues are generally higher in the fourth quarter. Trade sales can vary throughout the year due to varying release dates of published titles.

Use of estimates

The preparation of these Financial Statements involves the use of estimates and assumptions by management, which affects the amounts reported in the Financial Statements and accompanying notes. The Company bases its estimates on historical experience, current business factors, and various other assumptions believed to be reasonable under the circumstances, all of which are necessary, in order to form a basis for determining the carrying values of certain assets and liabilities. Actual results may differ from those estimates and assumptions. On an on-going basis, the Company evaluates the adequacy of its reserves and the estimates used in these calculations, including, but not limited to:

- Accounts receivable allowance for credit losses
- Pension and postretirement benefit plans
- Uncertain tax positions
- The timing and amount of future income taxes and related deductions
- Inventory reserves
- Cost of goods sold from book fair operations during interim periods based on estimated gross profit rates
- Sales tax contingencies
- Royalty advance reserves and royalty expense accruals
- Impairment testing for goodwill, intangible and other long-lived assets and investments

(Dollar amounts in millions, except per share data)

- Assets and liabilities acquired in business combinations
- Variable consideration related to anticipated returns
- Allocation of transaction price to contractual performance obligations

New Accounting Pronouncements

There were no new accounting pronouncements issued in the first quarter of fiscal 2023 which would impact the Company. Refer to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2022 for more information on current applicable authoritative guidance and its impact on the Company's financial statements.

2. REVENUES

Disaggregated Revenue Data

The following table presents the Company's segment revenues disaggregated by region and domestic channel:

	Three months ended August 31,	
	2022	2021
Book Clubs - U.S.	$ 6.3	$ 6.8
Book Fairs - U.S.	28.3	16.0
Trade - U.S.	76.2	80.1
Trade - International[1]	13.9	12.9
Total Children's Book Publishing and Distribution	**$ 124.7**	**$ 115.8**
Education Solutions - U.S.	$ 73.2	$ 80.1
Total Education Solutions	**$ 73.2**	**$ 80.1**
International - Major Markets[2]	$ 53.4	$ 47.5
International - Other Markets[3]	11.6	16.4
Total International	**$ 65.0**	**$ 63.9**
Total Revenues	**$ 262.9**	**$ 259.8**

(1) Primarily includes foreign rights and certain product sales in the UK.
(2) Includes Canada, UK, Australia and New Zealand.
(3) Primarily includes markets in Asia.

Estimated Returns

A liability for expected returns of $41.5, $42.2, and $44.9 is recorded within Other accrued expenses as of August 31, 2022, May 31, 2022, and August 31, 2021, respectively. In addition, a return asset of $7.8, $5.3, and $4.2 is recorded within Prepaid expenses and other current assets as of August 31, 2022, May 31, 2022, and August 31, 2021, respectively, for the recoverable cost of product estimated to be returned by customers.

(Dollar amounts in millions, except per share data)

Deferred Revenue

The following table presents further detail regarding the Company's deferred revenue balance as of the dates indicated:

	August 31, 2022	May 31, 2022	August 31, 2021
Book fairs incentive credits	$ 84.4	$ 100.1	$ 52.4
Magazines+ subscriptions	24.7	4.5	21.7
U.S. digital subscriptions	23.8	19.5	21.8
U.S. education-related(1)	16.5	13.6	10.6
Media-related	15.6	15.8	5.6
Stored value cards	9.3	9.4	3.9
Other(2)	8.3	9.9	9.5
Total deferred revenue	**$ 182.6**	**$ 172.8**	**$ 125.5**

(1) Primarily includes deferred revenue related to contracts with school districts and professional services.
(2) Primarily includes deferred revenue related to various international products and services.

The Company's deferred revenue consists of contract liabilities for advance billings and payments received from customers in excess of revenue recognized and revenue allocated to outstanding book fairs incentive credits. These liabilities are recorded within Deferred revenue on the Company's Condensed Consolidated Balance Sheets and are classified as short term, as substantially all of the associated performance obligations are expected to be satisfied, and related revenue recognized, within one year. The Company recognized revenue which was included in the opening Deferred revenue balance in the amount of $30.8 and $15.3 for the three months ended August 31, 2022 and August 31, 2021, respectively.

Allowance for Credit Losses

The Company recognizes an allowance for credit losses on customer receivables that are expected to be incurred over the lifetime of the receivable. Reserves for estimated credit losses are established at the time of sale and are based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability, including specific reserves on a customer-by-customer basis, creditworthiness of the Company's customers and prior collection experience. The Company reviews new information as it becomes available and makes adjustments to the reserves accordingly. At the time the Company determines that a receivable balance, or any portion thereof, is deemed to be permanently uncollectible, the balance is then written off.

The following table presents the change in the allowance for credit losses, which is included in Accounts Receivable, net on the Condensed Consolidated Balance Sheets:

	Allowance for Credit Losses
Balance as of June 1, 2022	**$ 25.9**
Current period provision (benefit)	(1.5)
Write-offs and other	(7.0)
Balance as of August 31, 2022	**$ 17.4**

3. SEGMENT INFORMATION

The Company categorizes its businesses into three reportable segments: *Children's Book Publishing and Distribution, Education Solutions* and *International*.

- **Children's Book Publishing and Distribution** operates as an integrated business which includes the publication and distribution of children's books, ebooks, media and interactive products primarily in the United States through its book clubs and book fairs in its school channels and through the trade channel. This segment is comprised of three operating segments.

(Dollar amounts in millions, except per share data)

- **Education Solutions** includes the publication and distribution to schools and libraries of children's books, classroom magazines, print and digital supplemental and core classroom materials and related support services, and print and online reference and non-fiction products for grades prekindergarten to 12 in the United States. This segment is comprised of one operating segment.

- **International** includes the publication and distribution of products and services outside the United States by the Company's international operations and its export businesses. This segment is comprised of three operating segments.

The following table sets forth the Company's revenue and operating income (loss) by segment for the fiscal quarter ended August 31, 2022:

	Three months ended August 31, 2022	Three months ended August 31, 2021
Revenues		
Children's Book Publishing and Distribution	$ 124.7	$ 115.8
Education Solutions	73.2	80.1
International	65.0	63.9
Total	**$ 262.9**	**$ 259.8**
Operating income (loss)		
Children's Book Publishing and Distribution	$ (30.1)	$ (21.7)
Education Solutions	(4.3)	7.3
International	(3.5)	(1.7)
Overhead (1)	(20.2)	(15.9)
Total	**$ (58.1)**	**$ (32.0)**

(1) Overhead includes all domestic corporate amounts not allocated to segments, including expenses and costs related to the management of corporate assets.

4. ASSET WRITE DOWN AND SALE

During the first quarter of fiscal 2023, the Company completed the disposition of the direct sales business in Asia. The Company committed to a plan to cease operations and exit the direct sales business in Asia, including the disposition of the Malaysia legal entity, during the fourth quarter of fiscal 2022. Accordingly, the Company wrote down the related assets during fiscal 2022, which were included in the *International* segment and consisted of accounts receivable, inventory, other current assets and long-lived assets, to their recoverable value of $3.7. The remaining assets, consisting of accounts receivable and inventory, were classified as held for sale and recorded as a current asset on the Company's Condensed Consolidated Balance Sheet as of May 31, 2022. The Company recognized a loss of $15.1 in fiscal 2022 which was included in Gain (Loss) on assets held for sale within the Company's Condensed Consolidated Statement of Operations. The impact of the impairment was a loss per basic and diluted share of Class A and Common Stock of $0.33 and $0.32, respectively, in the twelve months ended May 31, 2022.

5. DEBT

The following table summarizes the carrying value of the Company's debt as of the dates indicated:

	August 31, 2022	May 31, 2022	August 31, 2021
US Revolving Credit Agreement	$ —	$ —	$ 75.0
Unsecured lines of credit	6.3	6.5	7.4
UK Loans	—	—	7.1
Total debt	**$ 6.3**	**$ 6.5**	**$ 89.5**
Less lines of credit, short-term debt and current portion of long-term debt	(6.3)	(6.5)	(89.5)
Total long-term debt	**$ —**	**$ —**	**$ —**

The Company's debt obligations as of August 31, 2022 have maturities of one year or less.

US Credit Agreement

On October 27, 2021, Scholastic Corporation (the "Corporation") and its principal operating subsidiary, Scholastic Inc., entered into an amended and restated 5-year credit agreement with a syndicate of banks and Bank of America, N.A., as administrative agent (the "Credit Agreement"). The arrangement was accounted for as a debt modification. The revised terms of the amended Credit Agreement include the following:

- an increase in borrowing limits to $300.0 from $250.0, as amended on December 16, 2020;
- the elimination of the required securitization of the Company's inventory and accounts receivable;
- an unlimited basket for permitted payments of dividends and other distributions in respect of capital stock so long as the Corporation's pro forma Consolidated Net Leverage Ratio, as defined, is not in excess of 2.75:1;
- the elimination of a minimum liquidity covenant;
- the removal of an interest rate floor; and
- the extension of the maturity date to October 27, 2026.

The Credit Agreement provides for an unsecured revolving credit facility and allows the Company to borrow, repay or prepay and reborrow at any time prior to the October 27, 2026 maturity date. Under the Credit Agreement, interest on amounts borrowed thereunder is due and payable in arrears on the last day of the interest period (defined as the period commencing on the date of the advance and ending on the last day of the period selected by the Borrower at the time each advance is made). The interest pricing under the Credit Agreement is dependent upon the Borrower's election of a rate that is either:

- a Base Rate equal to the higher of (i) the prime rate, (ii) the prevailing Federal Funds rate plus 0.50% or (iii) the Eurodollar Rate plus 1.00% plus, in each case, an applicable margin ranging from 0.35% to 0.75%, as determined by the Company's prevailing Consolidated Leverage Ratio (as defined in the Credit Agreement);

- or -

- a Eurodollar Rate equal to the London interbank offered rate (LIBOR), plus an applicable margin ranging from 1.35% to 1.75%, as determined by the Company's prevailing Consolidated Leverage Ratio.

As of August 31, 2022, the applicable margin on Base Rate Advances was 0.35% and the applicable margin on Eurodollar Advances was 1.35%, both based on the Company's prevailing Consolidated Leverage Ratio.

The Credit Agreement provides for payment of a commitment fee in respect of the aggregate unused amount of revolving credit commitments ranging from 0.20% per annum to 0.30% per annum based upon the Corporation's then prevailing Consolidated Leverage Ratio. As of August 31, 2022, the commitment fee rate was 0.20%.

A portion of the revolving credit facility, up to a maximum of $50.0, is available for the issuance of letters of credit. In addition, a portion of the revolving credit facility, up to a maximum of $15.0, is available for swingline loans. The Credit Agreement has an accordion feature which permits the Company, provided certain conditions are satisfied, to increase the facility by up to an additional $150.0.

As of August 31, 2022, the Company had no outstanding borrowings under the Credit Agreement.

The Credit Agreement contains certain financial covenants related to leverage and interest coverage ratios (as defined in the Credit Agreement), limitations on the amount of dividends and other distributions, and other limitations on fundamental changes to the Corporation or its business. The Company was in compliance with required covenants for all periods presented.

At August 31, 2022, the Company had open standby letters of credit totaling $4.1 issued under certain credit lines, including $0.4 under the Credit Agreement and $3.7 under the domestic credit lines discussed below.

UK Loan Agreements

On January 24, 2020, Scholastic Limited UK entered into a term loan facility to fund the construction of the new UK facility in Warwickshire. The term loan facility was repaid and closed on March 31, 2022. As of August 31, 2021, the Company had $4.3 outstanding on the loan.

On September 23, 2019, Scholastic Limited UK entered into a term loan agreement to borrow £2.0 to fund a land purchase in connection with the construction of the new UK facility in Warwickshire. The loan agreement was repaid and closed on May 12, 2022. As of August 31, 2021, the Company had $2.8 outstanding on the loan.

Lines of Credit

As of August 31, 2022, the Company's domestic credit lines available under unsecured money market bid rate credit lines totaled $10.0. There were no outstanding borrowings under these credit lines as of August 31, 2022, May 31, 2022 and August 31, 2021. As of August 31, 2022, availability under these unsecured money market bid rate credit lines totaled $6.3. All loans made under these credit lines are at the sole discretion of the lender and at an interest rate and term agreed to at the time each loan is made, but not to exceed 365 days. These credit lines may be renewed, if requested by the Company, at the option of the lender.

As of August 31, 2022, the Company had various local currency international credit lines totaling $26.4 underwritten by banks primarily in the United States, Canada and the United Kingdom. Outstanding borrowings under these facilities were $6.3 at August 31, 2022 at a weighted average interest rate of 5.8%, $6.5 at May 31, 2022 at a weighted average interest rate of 5.4%, and $7.4 at August 31, 2021 at a weighted average interest rate of 4.8%. As of August 31, 2022, the amounts available under these facilities totaled $20.1. These credit lines are typically available for overdraft borrowings or loans up to 364 days and may be renewed, if requested by the Company, at the sole option of the lender.

6. COMMITMENTS AND CONTINGENCIES

Legal Matters

Various claims and lawsuits arising in the normal course of business are pending against the Company. The Company accrues a liability for such matters when it is probable that a liability has occurred and the amount of such liability can be reasonably estimated. When only a range can be estimated, the most probable amount in the range is accrued unless no amount within the range is a better estimate than any other amount, in which case the minimum amount in the range is accrued. Legal costs associated with litigation are expensed in the period in which they are incurred. The Company does not expect, in the case of those various claims and lawsuits arising in the normal course of business where a loss is considered probable or reasonably possible, that the reasonably possible losses from such claims and lawsuits (either individually or in the aggregate) would have a material adverse effect on the Company's consolidated financial position or results of operations.

During the first quarter of fiscal 2022, the Company received $6.6 in recoveries from its insurance programs related to an intellectual property legal settlement, which was accrued in fiscal 2021. The recoveries were recognized as an offset to the legal settlement and reflected in Selling, general and administrative expenses in the Company's Condensed Consolidated Statement of Operations for the quarter ended August 31, 2021. While the Company expects to receive additional recoveries from its insurance programs, it is premature to determine with any level of probability or accuracy the amount of those recoveries at this time.

7. EARNINGS (LOSS) PER SHARE

The following table summarizes the reconciliation of the numerators and denominators for the basic and diluted earnings (loss) per share computation for the periods indicated:

	Three months ended August 31, 2022	Three months ended August 31, 2021
Net income (loss) attributable to Class A and Common Stockholders	**$ (45.5)**	**$ (24.2)**
Weighted average Shares of Class A Stock and Common Stock outstanding for basic earnings (loss) per share (in millions)	34.3	34.4
Dilutive effect of Class A Stock and Common Stock potentially issuable pursuant to stock-based compensation plans (in millions) *	—	—
Adjusted weighted average Shares of Class A Stock and Common Stock outstanding for diluted earnings (loss) per share (in millions)	34.3	34.4
Earnings (loss) per share of Class A Stock and Common Stock:		
Basic	**$ (1.33)**	**$ (0.70)**
Diluted	**$ (1.33)**	**$ (0.70)**

* The Company experienced a net loss for all periods presented and therefore did not report any dilutive share impact.

The Company experienced a loss for the three month periods ended August 31, 2022 and August 31, 2021 and therefore did not allocate any loss to certain participating restricted stock units.

The following table sets forth options outstanding pursuant to stock-based compensation plans as of the dates indicated:

	August 31, 2022	August 31, 2021
Options outstanding pursuant to stock-based compensation plans (in millions)	3.3	4.9

There are no potentially anti-dilutive shares pursuant to stock-based compensation plans as of August 31, 2022.

A portion of the Company's Restricted Stock Units ("RSUs"), which are granted to employees, participate in earnings through cumulative dividends. These dividends are payable and non-forfeitable to the employees upon vesting of the RSUs. Accordingly, the Company measures earnings per share based upon the lower of the Two-class method or the Treasury Stock method.

As of August 31, 2022, $28.8 remained available for future purchases of common shares under the repurchase authorization of the Board of Directors (the "Board") in effect on that date. See Note 12, Treasury Stock, for a more complete description of the Company's share buy-back program.

8. GOODWILL AND OTHER INTANGIBLES

The Company assesses goodwill and other intangible assets with indefinite lives for impairment annually or more frequently if indicators arise. The Company monitors impairment indicators in light of changes in market conditions, near and long-term demand for the Company's products and other relevant factors.

(Dollar amounts in millions, except per share data)

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

	August 31, 2022	May 31, 2022	August 31, 2021
Gross beginning balance	$ 164.9	$ 165.9	$ 165.9
Accumulated impairment	(39.6)	(39.6)	(39.6)
Beginning balance	**$ 125.3**	**$ 126.3**	**$ 126.3**
Foreign currency translation	(0.6)	(1.0)	(0.4)
Ending balance	**$ 124.7**	**$ 125.3**	**$ 125.9**

There were no impairment charges related to Goodwill in any of the periods presented.

The following table summarizes the activity in other intangibles included in Other assets and deferred charges on the Company's Financial Statements for the periods indicated:

	August 31, 2022	May 31, 2022	August 31, 2021
Beginning balance - Other intangibles subject to amortization	$ 6.0	$ 8.4	$ 8.4
Amortization expense	(0.5)	(2.0)	(0.5)
Foreign currency translation	(0.2)	(0.4)	(0.1)
Total other intangibles subject to amortization, net of accumulated amortization of $34.8, $34.3 and $32.8, respectively	$ 5.3	$ 6.0	$ 7.8
Total other intangibles not subject to amortization	$ **2.1**	$ **2.1**	$ **2.1**
Total other intangibles	**$ 7.4**	**$ 8.1**	**$ 9.9**

There were no additions to intangible assets within the three months ended August 31, 2022 and August 31, 2021.

Intangible assets with indefinite lives consist principally of trademark and tradename rights. Intangible assets with definite lives consist principally of customer lists, intellectual property, tradenames and other agreements. Intangible assets with definite lives are amortized over their estimated useful lives. The weighted-average remaining useful lives of all amortizable intangible assets is approximately 4.2 years.

There were no impairment charges related to Intangible assets in any of the periods presented.

9. INVESTMENTS

Investments are included in Other assets and deferred charges on the Condensed Consolidated Balance Sheets. The following table summarizes the Company's investments as of the dates indicated:

	August 31, 2022	May 31, 2022	August 31, 2021	Segment
Equity method investments	$ 28.7	$ 31.0	$ 34.4	International
Other equity investments	6.0	6.0	6.0	Children's Book Publishing & Distribution
Total Investments	**$ 34.7**	**$ 37.0**	**$ 40.4**	

The Company's 26.2% equity interest in a children's book publishing business located in the UK is accounted for using the equity method of accounting. Equity method income from this investment is reported in the *International* segment.

The Company has a 4.6% ownership interest in a financing and production company that makes film, television, and digital programming designed for the youth market. This equity investment does not have a readily determinable fair value and the Company has elected to apply the measurement alternative and report this investment at cost, less impairment on the Company's Condensed Consolidated Balance Sheets. There have been no impairments or adjustments to the carrying value of this investment.

Income from equity investments is reported in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and totaled $0.1 and $1.1 for the three months ended August 31, 2022 and August 31, 2021, respectively.

10. EMPLOYEE BENEFIT PLANS

The following table sets forth the components of net periodic benefit cost for the periods indicated under the Company's defined benefit pension plan of Scholastic Ltd., an indirect subsidiary of Scholastic Corporation located in the United Kingdom (the "UK Pension Plan"), and the postretirement benefits plan, consisting of certain healthcare and life insurance benefits provided by the Company to its eligible retired United States-based employees (the "US Postretirement Benefits"), for the periods indicated:

	UK Pension Plan Three months ended August 31,		US Postretirement Benefits Three months ended August 31,	
	2022	2021	2022	2021
Components of net periodic benefit cost:				
Interest cost	$ 0.3	$ 0.2	$ 0.1	$ 0.1
Expected return on assets	(0.3)	(0.3)	—	—
Amortization of prior service (credit) loss	0.0	0.0	(0.2)	(0.2)
Amortization of net actuarial (gain) loss	0.1	0.2	—	0.0
Total	**$ 0.1**	**$ 0.1**	**$ (0.1)**	**$ (0.1)**

Actuarial gains and losses are amortized using a corridor approach. The gain or loss corridor is equal to 10% of the greater of the projected benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are amortized over the future working lifetime.

The Company's funding practice with respect to the UK Pension Plan is to contribute on an annual basis at least the minimum amounts required by applicable law. For the three months ended August 31, 2022, the Company contributed $0.3 to the UK Pension Plan. The Company expects, based on actuarial calculations, to contribute cash of approximately $1.1 to the UK Pension Plan for the fiscal year ending May 31, 2023.

11. STOCK-BASED COMPENSATION

The following table summarizes stock-based compensation expense included in Selling, general and administrative expenses for the periods indicated:

	Three months ended August 31,	
	2022	2021
Stock option expense	$ 0.6	$ 0.7
Restricted stock unit expense	1.0	0.7
Management stock purchase plan	0.0	0.0
Employee stock purchase plan	0.1	0.1
Total stock-based compensation expense	**$ 1.7**	**$ 1.5**

The following table sets forth Common Stock issued pursuant to stock-based compensation plans for the periods indicated:

	Three months ended August 31,	
	2022	2021
Common Stock issued pursuant to stock-based compensation plans (in millions)	0.3	0.1

(Dollar amounts in millions, except per share data)

12. TREASURY STOCK

The Board has authorized the Company to repurchase Common Stock, from time to time as conditions allow, on the open market or through privately negotiated transactions.

The table below represents the Board authorization at the dates indicated:

Authorization		Amount
March 2020		50.0
Total current Board authorization at June 1, 2022	**$**	**50.0**
Less repurchases made under this authorization	$	(21.2)
Remaining Board authorization at August 31, 2022	**$**	**28.8**

Remaining Board authorization at August 31, 2022 represents the amount remaining under the current $50.0 Board authorization for Common share repurchases announced on March 18, 2020, which is available for further repurchases, from time to time as conditions allow, on the open market or through privately negotiated transactions.

Repurchases of the Company's Common Stock were $5.1 during the three months ended August 31, 2022. The Company's repurchase program may be suspended at any time without prior notice.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the activity in Accumulated other comprehensive income (loss), net of tax, by component, for the periods indicated:

	Three months ended August 31, 2022		
	Foreign currency translation adjustments	**Retirement benefit plans**	**Total**
Beginning balance at June 1, 2022	**$ (44.6)**	**$ (0.8)**	**$ (45.4)**
Other comprehensive income (loss) before reclassifications	(9.6)	—	(9.6)
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial loss (net of tax of $0.0)	—	0.1	0.1
Amortization of prior service (credit) cost (net of tax of $0.1)	—	(0.1)	(0.1)
Other comprehensive income (loss)	(9.6)	0.0	(9.6)
Ending balance at August 31, 2022	**$ (54.2)**	**$ (0.8)**	**$ (55.0)**

	Three months ended August 31, 2021		
	Foreign currency translation adjustments	**Retirement benefit plans**	**Total**
Beginning balance at June 1, 2021	**$ (30.1)**	**$ (4.6)**	**$ (34.7)**
Other comprehensive income (loss) before reclassifications	(5.8)	—	(5.8)
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial loss (net of tax of $0.0)	—	0.2	0.2
Amortization of prior service (credit) cost (net of tax of $0.1)	—	(0.1)	(0.1)
Other comprehensive income (loss)	(5.8)	0.1	(5.7)
Ending balance at August 31, 2021	**$ (35.9)**	**$ (4.5)**	**$ (40.4)**

(Dollar amounts in millions, except per share data)

The following table presents the impact on earnings of reclassifications out of Accumulated other comprehensive income (loss) for the periods indicated:

	Three months ended		
	August 31, 2022	August 31, 2021	Condensed Consolidated Statements of Operations line item
Employee benefit plans:			
Amortization of net actuarial loss	$ 0.1	$ 0.2	Other components of net periodic benefit (cost)
Amortization of prior service (credit) loss	(0.2)	(0.2)	Other components of net periodic benefit (cost)
Less: Tax effect	0.1	0.1	Provision (benefit) for income taxes
Total cost, net of tax	**$ 0.0**	**$ 0.1**	

14. FAIR VALUE MEASUREMENTS

The Company determines the appropriate level in the fair value hierarchy for each fair value measurement of assets and liabilities carried at fair value on a recurring basis in the Company’s financial statements. The fair value hierarchy prioritizes the inputs, which refer to assumptions that market participants would use in pricing an asset or liability, based upon the highest and best use, into three levels as follows:

- **Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- **Level 2** Observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.

- **Level 3** Unobservable inputs in which there is little or no market data available, which are significant to the fair value measurement and require the Company to develop its own assumptions.

The Company’s financial assets and liabilities measured at fair value consisted of cash and cash equivalents, debt and foreign currency forward contracts. Cash and cash equivalents are comprised of bank deposits and short-term investments, such as money market funds, the fair value of which is based on quoted market prices, a Level 1 fair value measure. The Company employs Level 2 fair value measurements for the disclosure of the fair value of its various lines of credit and long term debt. The fair value of the Company's debt approximates the carrying value for all periods presented. The fair values of foreign currency forward contracts, used by the Company to manage the impact of foreign exchange rate changes, are based on quotations from financial institutions, a Level 2 fair value measure.

Non-financial assets for which the Company employs fair value measures on a non-recurring basis include:
- Long-lived assets, including held for sale
- Operating lease right-of-use (ROU) assets
- Investments
- Assets acquired in a business combination
- Impairment assessment of goodwill and intangible assets

Level 2 and Level 3 inputs are employed by the Company in the fair value measurement of these assets. For the fair value measurements employed by the Company for certain property, plant and equipment, investments and prepublication assets, the Company assessed future expected cash flows attributable to these assets. See Note 9, Investments, for a more complete description of the fair value measurements employed.

15. INCOME TAXES AND OTHER TAXES

Tax Legislation Updates

In response to the COVID-19 pandemic, the U.S. government enacted the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The Company applied the provisions in the CARES Act related to the carry back of net operating losses and the Employee Retention Credit. In fiscal 2021, the Company applied for employee retention credits in the U.S. and the related receivable was $12.1 as of August 31, 2022. During the first quarter of fiscal 2022, the Company received a federal tax refund of $63.1 primarily related to the carry back of net operating losses generated in the U.S.

Income Taxes

In calculating the provision for income taxes on an interim basis, the Company uses an estimate of the annual effective tax rate based upon currently known facts and circumstances and applies that rate to its year-to-date earnings or losses. The Company's effective tax rate is based on expected income and statutory tax rates and takes into consideration permanent differences between financial statement and tax return income applicable to the Company in the various jurisdictions in which the Company operates. The effect of discrete items, such as changes in estimates, changes in rates or tax status, and unusual or infrequently occurring events, is recognized in the interim period in which the discrete item occurs. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or as the result of new judicial interpretations or regulatory or tax law changes.

The Company's interim effective tax rate, inclusive of discrete items, for the three months ended August 31, 2022 was 21.6% compared to 26.7% for the prior fiscal year period. The decrease in the interim effective tax rate for the three months ended August 31, 2022 was primarily due to tax shortfalls related to vested option cancellations in the current fiscal year quarter.

The Company, including its domestic subsidiaries, files a consolidated U.S. income tax return, and also files tax returns in various states and other local jurisdictions. Also, certain subsidiaries of the Company file income tax returns in foreign jurisdictions. The Company is routinely audited by various tax authorities. The IRS is substantially complete with the examination of the U.S. income tax returns for the fiscal 2015 through fiscal 2020 tax years. The examination is expected to be finalized in the third quarter of fiscal 2023 and the Company does not expect any additional impact to the financial results. As of August 31, 2022, there was approximately $20.0 in receivables from the IRS related to the years under audit included in Income tax receivable in the Company's Condensed Consolidated Balance Sheet for that period.

Non-income Taxes

The Company is subject to tax examinations for sales-based taxes. A number of these examinations are ongoing and, in certain cases, have resulted in assessments from taxing authorities. The Company assesses sales tax contingencies for each jurisdiction in which it operates, considering all relevant facts including statutes, regulations, case law and experience. Where a sales tax liability with respect to a jurisdiction is probable and can be reliably estimated for such jurisdiction, the Company has made accruals for these matters which are reflected in the Company's Condensed Consolidated Financial Statements. These amounts are included in the Financial Statements in Selling, general and administrative expenses. Future developments relating to the foregoing could result in adjustments being made to these accruals.

16. DERIVATIVES AND HEDGING

The Company enters into foreign currency derivative contracts to economically hedge the exposure to foreign currency fluctuations associated with the forecasted purchase of inventory, the foreign exchange risk associated with certain receivables denominated in foreign currencies and certain future commitments for foreign expenditures. These derivative contracts are economic hedges and are not designated as cash flow hedges.

The Company marks-to-market these instruments and records the changes in the fair value of these items in Selling, general and administrative expenses and recognizes the unrealized gain or loss in Other current assets or Other current liabilities. The notional values of the contracts as of August 31, 2022 and August 31, 2021 were

(Dollar amounts in millions, except per share data)

$21.3 and $26.8, respectively. A net unrealized gain of $0.6 and a net unrealized loss of less than $0.1 were recognized for the three months ended August 31, 2022 and August 31, 2021, respectively.

17. OTHER ACCRUED EXPENSES

Other accrued expenses consisted of the following as of the dates indicated:

	August 31, 2022	May 31, 2022	August 31, 2021
Accrued payroll, payroll taxes and benefits	$ 36.8	$ 32.2	$ 35.1
Accrued bonus and commissions	12.2	44.2	12.1
Returns liability	41.5	42.2	44.9
Accrued other taxes	21.1	26.8	25.3
Accrued advertising and promotions	9.9	10.3	13.5
Other accrued expenses	41.1	37.6	37.3
Total accrued expenses	**$ 162.6**	**$ 193.3**	**$ 168.2**

18. SUBSEQUENT EVENTS

On September 1, 2022, the Company acquired 100% of the share capital of Learning Ovations Inc., a U.S.-based education technology business and developer of a literacy assessment and instructional system, for a base purchase price of $11.0, subject to purchase price adjustments. The results of operations of this business subsequent to the acquisition will be included in the *Education Solutions* segment.

The Board declared a quarterly cash dividend of $0.20 per share on the Company’s Class A and Common Stock for the second quarter of fiscal 2023. The dividend is payable on December 15, 2022 to shareholders of record as of the close of business on October 31, 2022.

Overview and Outlook

Revenues for the first quarter ended August 31, 2022 were $262.9 million, compared to $259.8 million in the prior fiscal year quarter, an increase of $3.1 million. The Company reported net loss per diluted share of Class A and Common Stock of $1.33 in the first quarter of fiscal 2023, compared to a net loss of $0.70 in the prior fiscal year quarter.

The *Children's Book Publishing and Distribution* segment drove a majority of the revenue increase in the first quarter with increased book fairs redemptions of incentive program credits. Although the trade channel experienced lower frontlist sales, backlist titles from the Company's popular series continued to drive sales and the trade channel benefited from revenue associated with the production of the animated series "Eva the Owlet,"™ based on the *Owl Diaries™* books, which will be released on AppleTV+® later this fiscal year. Within the *Education Solutions* segment, the *New Worlds Reading Initiative* shipped over 800,000 books to students in the program during June and July as the first year of the program concluded. As expected, segment revenues decreased due to the timing of sales of instructional products and programs in the first quarter. In the *International* segment, Australia and Canada drove increased revenues from their respective book fairs and trade channels, while the Asia markets had lower sales, primarily due to the disposition of the direct sales business.

Operating loss was $58.1 million for the quarter ended August 31, 2022, which was consistent with the Company's expectations and seasonality of the business. The increase over the prior year period was due to increased product costs, which were impacted by higher freight and printing costs due to the continued inflationary pressures, coupled with the timing of revenues in the *Education Solutions* segment.

The Company is expecting increased sales from the *Children's Book Publishing and Distribution* segment, with book fairs anticipated to reach its goal of 85% of pre-pandemic fair count levels and the trade channel expected to benefit from multiple new releases from bestselling authors, including the fourth Cat Kid Comic Club® in Dav Pilkey's latest series. The *Education Solutions* segment will focus on the integration of the Learning Ovations™ acquisition and continue to assess capital allocations to enhance literacy offerings. Due to the seasonality of the education selling cycle, any benefits from state and federal funding for literacy initiatives would occur toward the end of the fiscal year, primarily in the fourth fiscal quarter. Internationally, the Company expects to benefit from the recovery in Canada, Australia and New Zealand, while the UK continues to be negatively impacted by inflationary pressures. Operating income is expected to improve from higher revenues in Australia and the disposition of the low margin direct sales business in Asia which generated losses in the prior fiscal year. Margin improvement is expected to be partially offset by the lack of government subsidies in certain markets, the slow recovery in Asia and the impact of foreign currency translation due to the strong U.S. dollar. The Company continues to monitor and control discretionary spending which is expected to favorably impact unallocated overhead costs except to the extent offset by headwinds from inflationary pressures, primarily higher freight costs that are still expected to impact the cost of product.

Results of Operations

Consolidated

Revenues for the quarter ended August 31, 2022 increased by $3.1 million to $262.9 million, compared to $259.8 million in the prior fiscal year quarter. The *Children's Book Publishing and Distribution* segment revenues increased by $8.9 million, primarily driven by higher book fairs channel revenues resulting from increased redemptions of book fair incentive program credits, partially offset by lower trade channel revenues. In the *Education Solutions* segment, revenues decreased by $6.9 million, primarily driven by lower sales of instructional products and programs due to the timing of shipments as compared to the prior fiscal year quarter, as well as lower professional learning services and sales of teaching resources products, partially offset by revenues from the *New Worlds Reading Initiative*. In local currency, the *International* segment revenues increased by $5.8 million, primarily driven by increased sales in the book fairs and trade channels within the Australia and Canada markets, partially offset by decreased revenues as a result of the disposition of the direct sales business in Asia. *International* segment revenues were impacted by unfavorable foreign exchange of $4.7 million in the quarter ended August 31, 2022.

Components of Cost of goods sold for the three months ended August 31, 2022 and August 31, 2021 are as follows:

	Three months ended			
	August 31, 2022		August 31, 2021	
($ amounts in millions)	**$**	**% of Revenue**	**$**	**% of Revenue**
Product, service and production costs and inventory reserves	$ 82.4	31.4 %	$ 76.3	29.4 %
Royalty costs	27.4	10.4 %	27.8	10.7 %
Prepublication amortization	6.4	2.4 %	6.9	2.7 %
Postage, freight, shipping, fulfillment and other	28.3	10.8 %	22.3	8.5 %
Total	**$ 144.5**	**55.0 %**	**$ 133.3**	**51.3 %**

Cost of goods sold for the quarter ended August 31, 2022 was $144.5 million, or 55.0% of revenues, compared to $133.3 million, or 51.3% of revenues, in the prior fiscal year quarter. Cost of goods sold was impacted by higher inbound freight and printing costs resulting in an increase in product costs, as well as higher postage, freight and shipping costs. These cost increases were due to continued inflationary pressures, which are expected to continue to negatively impact costs during the remainder of fiscal 2023.

Selling, general and administrative expenses for the quarter ended August 31, 2022 increased to $162.8 million, compared to $143.6 million in the prior fiscal year quarter. The $19.2 million increase was primarily attributable to increased strategic spending and higher labor costs, primarily in the book fairs channel as the Company prepares for the anticipated increase in fair count, in addition to the discontinuation of government subsidies related to the COVID-related governmental retention program in Canada. The increase was also driven by the $6.6 million of insurance recoveries received in the quarter ended August 31, 2021 related to the intellectual property legal settlement accrued in fiscal 2021 that did not reoccur in the current quarter, higher marketing costs associated with the *New Worlds Reading Initiative* and lower equity investment income. Partially offsetting this increase, the Company incurred lower severance expense from its restructuring programs of $2.4 million.

Depreciation and amortization expenses in the three months ended August 31, 2022 were $13.7 million compared to $14.9 million in the prior fiscal year quarter. The $1.2 million decrease was primarily attributable to a shift towards spending on cloud computing arrangements in which the amortization expense is included in Selling, general and administrative expenses rather than Depreciation and amortization. Amortization related to cloud computing arrangements increased $1.0 million when compared to the prior fiscal year quarter which substantially offset the decrease in Depreciation and amortization as there were no significant assets placed into service during the first quarter of fiscal 2023. Management expects this trend to continue as more cloud-based software tools are utilized by the Company.

Net interest income in the quarter ended August 31, 2022 was $0.2 million compared to net interest expense of $1.3 million in the prior fiscal year quarter. The Company had lower average debt borrowings as compared to the prior fiscal year quarter as the outstanding borrowings on the U.S credit agreement were paid down during fiscal 2022, resulting in no outstanding borrowings as of August 31, 2022.

The Company’s effective tax rate for the quarter ended August 31, 2022 was 21.6%, compared to 26.7% in the prior fiscal year quarter. The decrease in the interim effective tax rate was primarily due to tax shortfalls related to vested option cancellations in the fiscal year quarter ended August 31, 2022.

Net loss attributable to Scholastic Corporation for the quarter ended August 31, 2022 increased by $21.3 million to $45.5 million, compared to $24.2 million in the prior fiscal year quarter. Loss per basic and diluted share of Class A and Common Stock was $1.33 and $1.33, respectively, for the fiscal quarter ended August 31, 2022, compared to loss per basic and diluted share of Class A and Common Stock of $0.70 and $0.70, respectively, in the prior fiscal year quarter.

Net income attributable to noncontrolling interest for the quarter ended August 31, 2022 was $0.1 million compared to Net loss attributable to noncontrolling interest of $0.2 million in the prior fiscal year quarter.

Children's Book Publishing and Distribution

	Three months ended			
($ amounts in millions)	August 31, 2022	August 31, 2021	$ Change	% Change
Revenues	$ 124.7	$ 115.8	$ 8.9	7.7 %
Cost of goods sold	77.1	66.1	11.0	16.6 %
Other operating expenses (1)	77.7	71.4	6.3	8.8 %
Operating income (loss)	$ (30.1)	$ (21.7)	$ (8.4)	(38.7)%
Operating margin	**— %**	**— %**		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses and depreciation and amortization.

Revenues for the quarter ended August 31, 2022 increased by $8.9 million to $124.7 million, compared to $115.8 million in the prior fiscal year quarter. The increase in segment revenues was primarily driven by higher book fairs channel revenues of $12.3 million resulting from increased redemptions of book fair incentive program credits, which are common in the summer months, but were not significant in the prior fiscal year quarter as the book fair business had not yet begun to recover from the pandemic-related shutdowns. Decreased trade channel sales of $2.9 million partially offset book fairs revenues on lower sales of frontlist titles, due in part to the prior fiscal year quarter release of the limited edition foil covers for *Dog Man*®, which did not repeat in the current quarter. The trade channel benefited from increased sales of backlist titles, with continued strong sales from the Company's popular series, including *Five Nights at Freddy's*™, *The Baby-sitters Club® Graphix™, Heartstopper™, Wings of Fire™, The Bad Guys™, Cat Kid Comic Club®* and *I Survived*. The trade channel also benefited from an increase in media revenue as the Company delivered certain episodes associated with the production of the animated series "Eva the Owlet,"™ based on the *Owl Diaries*™ books, which will be released on AppleTV+® later this fiscal year. Book clubs channel revenues remained relatively consistent with the prior fiscal year quarter, decreasing $0.5 million, as this channel is seasonally quiet during the summer months.

Cost of goods sold for the quarter ended August 31, 2022 was $77.1 million, or 61.8% of revenues, compared to $66.1 million, or 57.1% of revenues, in the prior fiscal year quarter. The increase in Cost of goods sold as a percentage of revenue was primarily driven by increased product and freight costs due to continued inflationary pressures, predominantly in the trade channel.

Other operating expenses for the quarter ended August 31, 2022 increased to $77.7 million, compared to $71.4 million in the prior fiscal year quarter. The $6.3 million increase was primarily attributable to higher labor costs, largely in the book fairs channel as the Company prepares for the anticipated increase in fair count during fiscal 2023. Labor costs were also impacted by inflationary pressures.

Segment operating loss for the quarter ended August 31, 2022 was $30.1 million, compared to $21.7 million in the prior fiscal year quarter. The $8.4 million increase in the operating loss was primarily driven by increased cost of goods sold and selling, general, and administrative costs, both due to inflationary pressures on freight and labor costs.

Education Solutions

	Three months ended			
($ amounts in millions)	August 31, 2022	August 31, 2021	$ Change	% Change
Revenues	$ 73.2	$ 80.1	$ (6.9)	(8.6)%
Cost of goods sold	30.4	32.8	(2.4)	(7.3)%
Other operating expenses (1)	47.1	40.0	7.1	17.8 %
Operating income (loss)	$ (4.3)	$ 7.3	$ (11.6)	NM
Operating margin	**— %**	**9.1 %**		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses and depreciation and amortization.
NM Not meaningful

Revenues for the quarter ended August 31, 2022 decreased by $6.9 million to $73.2 million, compared to $80.1 million in the prior fiscal year quarter. The decrease in segment revenues was largely driven by lower sales of instructional products and programs, primarily early childhood programs and summer learning product offerings, as the prior fiscal year quarter benefited from shipments, which primarily consisted of summer learning products, that shifted in from the fourth quarter of fiscal 2021 due to supply chain constraints at that time. During the fourth quarter of fiscal 2022, orders were shipped more timely with fewer sales shifted into the first quarter of fiscal 2023. In addition, the segment had lower revenues in the first quarter from professional learning services and teaching resource products. The overall decrease was partially offset by revenues of $9.2 million from the *New Worlds Reading Initiative*, which did not commence shipping until the third quarter of the prior fiscal year.

Cost of goods sold for the quarter ended August 31, 2022 was $30.4 million, or 41.5% of revenues, compared to $32.8 million, or 40.9% of revenues, in the prior fiscal year quarter. The increase in Cost of goods sold as a percentage of revenues was primarily attributable to increased postage and freight costs driven by inflationary pressures, in addition to moderately higher royalty costs driven by the mix of products sold in the first quarter of fiscal 2023.

Other operating expenses for the quarter ended August 31, 2022 were $47.1 million, compared to $40.0 million in the prior fiscal year quarter. The $7.1 million increase in Other operating expenses was primarily related to increased marketing costs associated with the *New Worlds Reading Initiative* as well as higher employee-related costs.

Segment operating loss for the quarter ended August 31, 2022 was $4.3 million, compared to income of $7.3 million in the prior fiscal year quarter. The $11.6 million change was driven by the lower revenues in the first quarter of fiscal 2023, coupled with increased cost of goods sold due to higher freight and royalty costs, marketing costs associated with the *New Worlds Reading Initiative* and employee-related costs.

International

	Three months ended			
($ amounts in millions)	**August 31, 2022**	**August 31, 2021**	**$ Change**	**% Change**
Revenues	$ 65.0	$ 63.9	$ 1.1	1.7 %
Cost of goods sold	39.5	36.1	3.4	9.4 %
Other operating expenses (1)	29.0	29.5	(0.5)	(1.7)%
Operating income (loss)	$ (3.5)	$ (1.7)	$ (1.8)	NM
Operating margin	**— %**	**— %**		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses, severance and depreciation and amortization.
NM Not meaningful

Revenues for the quarter ended August 31, 2022 increased to $65.0 million, compared to $63.9 million in the prior fiscal year quarter. Local currency revenues across the Company's foreign operations increased by $5.8 million, offset by an unfavorable foreign exchange impact of $4.7 million. The increase in segment revenues was primarily driven by higher revenues in Australia, New Zealand and Canada. Australia and New Zealand local currency revenues increased by $6.1 million as a result of increased sales in the book fairs and trade channels as the additional lockdowns imposed by the COVID variant, which had occurred later than in other markets, have continued to be lifted. In Canada, local currency revenues increased $4.0 million driven by higher trade channel sales of best-selling titles including *Heartstoppers™*, coupled with increased sales in the book fairs and education channels. The increase in segment revenues was partially offset by lower local currency revenues in Asia of $3.8 million primarily attributable to the disposition of the direct sales business, coupled with lower sales within the Asia export channel. In addition, local currency revenues in the UK decreased by $0.1 million primarily due to lower sales in the trade and education channels, partially offset by increased sales in the book fairs channel, driven by higher fair count. Export channel revenues also decreased by $0.4 million as compared to the prior fiscal year quarter.

Cost of goods sold for the quarter ended August 31, 2022 was $39.5 million, or 60.8% of revenues, compared to $36.1 million, or 56.5% of revenues, in the prior fiscal year quarter. The increase in Cost of goods sold as a percentage of revenue was driven by an overall increase in freight costs across all channels due to inflationary pressures as well as increased paper and printing costs in the UK and increased variable fulfillment costs in Australia due to increased labor costs.

Other operating expenses for the quarter ended August 31, 2022 were $29.0 million, compared to $29.5 million in the prior fiscal year quarter. Other operating expenses decreased $0.5 million impacted by a favorable foreign exchange impact of $1.8 million, resulting in a local currency increase of $1.3 million. This increase was primarily driven by lower equity investment income and increased employee-related expenses as a result of the discontinuation of government subsidies related to COVID-related governmental retention programs, partially offset by lower severance expense related to restructuring programs.

Segment operating loss for the quarter ended August 31, 2022 was $3.5 million, compared to a loss of $1.7 million in the prior fiscal year quarter. The increased loss was primarily driven by increased product costs related to freight, paper and printing.

Overhead

Unallocated overhead expense for the quarter ended August 31, 2022 increased by $4.3 million to $20.2 million, from $15.9 million in the prior fiscal year quarter. The increase was primarily attributable to $6.6 million of insurance recoveries received and recognized in the quarter ended August 31, 2021 related to the intellectual property legal settlement accrued in fiscal 2021, partially offset by lower severance expense from the Company's restructuring programs of $2.0 million.

Seasonality

The Company's *Children's Book Publishing and Distribution* school-based book club and book fair channels and most of its *Education Solutions* businesses operate on a school-year basis; therefore, the Company's business is highly seasonal. As a result, the Company's revenues in the first and third quarters of the fiscal year generally are lower than its revenues in the other two fiscal quarters. Typically, school-based channels and magazine revenues are minimal in the first quarter of the fiscal year as schools are not in session. Education channel revenues are generally higher in the fourth quarter. Trade sales can vary throughout the year due to varying release dates of published titles.

Liquidity and Capital Resources

Cash used by operating activities was $60.3 million for the three months ended August 31, 2022, compared to cash provided by operating activities of $63.6 million for the prior fiscal year period, representing an increase in cash used by operating activities of $123.9 million. The increase in cash used was primarily driven by increased inventory purchases of $77.3 million to offset long lead times and meet expected demand, primarily related to the book fairs and trade channels. The increase in cash used was also impacted by the $63.1 million federal income tax refund and $6.6 million of insurance recoveries received in the prior period which was partially offset by $39.6 million in higher customer remittances in the current period.

Cash used in investing activities was $16.2 million for the three months ended August 31, 2022, compared to $14.5 million in the prior fiscal year period, representing an increase in cash used in investing activities of $1.7 million. The increase in cash used was driven by higher capital expenditures of $1.2 million, primarily for new equipment to meet the expected demand in the book fairs channel, coupled with increased prepublication spending of $0.5 million related to digital products.

Cash provided by financing activities was $1.6 million for the three months ended August 31, 2022, compared to cash used in financing activities of $105.6 million for the prior fiscal year period, representing a decrease in cash used in financing activities of $107.2 million. The decrease in cash used was primarily related to repayments of borrowings under the U.S. credit agreement of $100.0 million during the prior period, coupled with an increase in net proceeds from stock option exercises of $11.6 million in the first quarter of fiscal 2023. Partially offsetting this decrease, the Company reacquired $4.7 million of common stock with no such repurchases in the prior fiscal year period during which the repurchase program was suspended.

Cash Position

The Company's cash and cash equivalents totaled $239.7 million at August 31, 2022, $316.6 million at May 31, 2022 and $308.6 million at August 31, 2021. Cash and cash equivalents held by the Company's U.S. operations totaled $202.2 million at August 31, 2022, $275.5 million at May 31, 2022 and $271.9 million at August 31, 2021.

Due to the seasonal nature of its business as discussed under “Seasonality”, the Company usually experiences negative cash flows in the June through September time period.

The Company’s operating philosophy is to use cash provided by operating activities to create value by paying down debt, reinvesting in existing businesses and, from time to time, making acquisitions that will complement its portfolio of businesses or acquiring other strategic assets, as well as engaging in shareholder enhancement initiatives, such as share repurchases or dividend declarations. The Company has lifted the temporary suspension of its open-market buy-back program under which $28.8 million remained available for future purchases of common shares as of August 31, 2022. During the three months ended August 31, 2022, the Company repurchased $4.7 million of its common stock.

The Company has maintained, and expects to maintain for the foreseeable future, sufficient liquidity to fund ongoing operations, including working capital requirements, pension contributions, postretirement benefits, debt service, planned capital expenditures and other investments, as well as dividends and share repurchases. As of August 31, 2022, the Company’s primary sources of liquidity consisted of cash and cash equivalents of $239.7 million, cash from operations and the Company's U.S. credit agreement. The Company expects the U.S. credit agreement to provide it with an appropriate level of flexibility to strategically manage its business operations. The Company's U.S. credit agreement, less commitments of $0.4 million, has $299.6 million of availability. Additionally, the Company has short-term credit facilities of $36.4 million, less current borrowings of $6.3 million and commitments of $3.7 million, resulting in $26.4 million of current availability under these facilities at August 31, 2022. Accordingly, the Company believes these sources of liquidity are sufficient to finance its currently anticipated ongoing operating needs, as well as its financing and investing activities.

Financing

The Company is party to the U.S. credit agreement and certain credit lines with various banks as described in Note 5 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, “Financial Statements." The Company had no outstanding borrowings under the U.S. credit agreement as of August 31, 2022.

The Company is party to loan agreements, notes or other documents or instruments which reference the London Interbank Offered Rate, or LIBOR, as the benchmark interest rate index used to set the borrowing rate on certain short-term and variable-rate loans or advances. The ICE Benchmark Administration (IBA) ceased the publication of 1-week and 2-month USD LIBORs effective December 31, 2021 and will cease overnight, 1-month, 3-month, 6-month and 12-month LIBORs effective June 30, 2023. The Company is working with its financial institutions to replace USD LIBOR with alternative reference rates in financial contracts as they mature, or as the Company requires.

The markets have provided several replacements for USD LIBOR, including the Bloomberg Short-Term Bank Yield Index (BSBY) and the ARRC’s Secured Overnight Financing Rate (SOFR), either of which will be made available to the Company by its agent banks as a substitute for USD LIBOR. The Company does not believe that the change in reference rates will have any material effect on its ability to access the credit markets under its existing financing agreements, or its ability to modify or amend financial contracts, if required.

New Accounting Pronouncements

Reference is made to Note 1 of Notes to Financial Statements - unaudited in Item 1, "Financial Statements," for information concerning recent accounting pronouncements since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2022.

Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. Additional written and oral forward-looking statements may be made by the Company from time to time in Securities and Exchange Commission ("SEC") filings and otherwise. The Company cautions readers that results or expectations expressed by forward-looking statements, including, without limitation, those relating to the Company’s future business prospects and strategic plans, ecommerce and digital initiatives, new product introductions, strategies, new education standards, goals, revenues, improved efficiencies, general operating costs, including transportation and labor costs and the extent such costs are impacted by inflationary pressures, manufacturing costs, medical costs, potential cost savings, merit pay, operating margins, working capital, liquidity, capital needs, the cost and timing of capital projects, interest costs, cash flows and income, are subject to risks and uncertainties, which may have an impact on the Company's operations and could cause actual results to differ materially from those indicated in the forward-looking statements, due to factors including those noted in the Annual Report and this Quarterly Report and other risks and factors identified from time to time in the Company’s filings with the SEC. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

The Company conducts its business in various foreign countries, and as such, its cash flows and earnings are subject to fluctuations from changes in foreign currency exchange rates. The Company sells products from its domestic operations to its foreign subsidiaries, creating additional currency risk. The Company manages its exposures to this market risk through internally established procedures and, when deemed appropriate, through the use of short-term forward exchange contracts, which were not significant as of August 31, 2022. The Company does not enter into derivative transactions or use other financial instruments for trading or speculative purposes.

Market risks relating to the Company's operations result primarily from changes in interest rates in its variable-rate borrowings. The Company is subject to the risk that market interest rates and its cost of borrowing will increase and thereby increase the interest charged under its variable-rate debt.

Additional information relating to the Company's outstanding financial instruments is included in Note 5 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements."

The following table sets forth information about the Company's debt instruments as of August 31, 2022:

($ amounts in millions)	**Fiscal Year Maturity**							
	2023[(1)]	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**	**Fair Value at 8/31/2022**
Debt Obligations								
Lines of credit and current portion of long-term debt	$ 6.3	$ —	$ —	$ —	$ —	$ —	$ 6.3	$ 6.3
Average interest rate	5.8 %	—	—	—	—	—		

(1) Fiscal 2023 includes the remaining nine months of the current fiscal year ending May 31, 2023.

The Chief Executive Officer and the Chief Financial Officer of the Corporation, after conducting an evaluation, together with other members of the Company's management, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of August 31, 2022, have concluded that the Corporation's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Corporation in its reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and accumulated and communicated to members of the Company's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. There was no change in the Corporation's internal control over financial reporting that occurred during the quarter ended August 31, 2022 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II – OTHER INFORMATION

SCHOLASTIC CORPORATION
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information with respect to repurchases of shares of Common Stock by the Corporation during the three months ended August 31, 2022:

Issuer Purchases of Equity Securities
(Dollars in millions, except per share amounts)

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares (or approximate dollar value) that may yet be purchased under the plans or programs (i)
June 1 through June 30, 2022	—	—	—	$33.9
July 1 through July 31, 2022	19,234	45.86	19,234	33.0
August 1 through August 31, 2022	90,798	46.35	90,798	28.8
Total	**110,032**		**110,032**	**$28.8**

(i) Represents the amount remaining at August 31, 2022 under the current $50.0 Board authorization for Common share repurchases announced on March 18, 2020, which is available for further repurchases, from time to time as conditions allow, on the open market or through privately negotiated transactions. See Note 12 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements," for a description of the Company's share buy-back program and share repurchase authorizations.

Exhibits:

10.1*	The Scholastic Corporation 2021 Stock Incentive Plan (supersedes and replaces the Scholastic Corporation 2021 Stock Incentive Plan filed as Exhibit 10.2 to the Corporation's Quarterly Report on Form 10-Q as filed with the SEC on December 17, 2021).
10.2*	Amended and Restated Employment Agreement between Scholastic Corporation and Peter Warwick, effective August 1, 2021 (supersedes and replaces the Amended and Restated Employment Agreement between Scholastic Corporation and Peter Warwick filed as Exhibit 10.5 to the Corporation's Quarterly Report on Form 10-Q as filed with the SEC on December 17, 2021).
10.3*	Performance Stock Unit Agreement between Scholastic Corporation and Peter Warwick, dated July 19, 2022.
31.1	Certification of the Chief Executive Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of the Chief Executive Officer and Chief Financial Officer of Scholastic Corporation furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended August 31, 2022 formatted in Inline Extensible Business Reporting Language: (i) Condensed Consolidated Statements of Operations; (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.
104	Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

* The referenced exhibit is a management contract or compensation plan or arrangement described in Item 601(b) (10) (iii) of Regulation S-K.

SCHOLASTIC CORPORATION
QUARTERLY REPORT ON FORM 10-Q, DATED August 31, 2022
Exhibits Index

Exhibit Number	Description of Document
10.1*	The Scholastic Corporation 2021 Stock Incentive Plan (supersedes and replaces the Scholastic Corporation 2021 Stock Incentive Plan filed as Exhibit 10.2 to the Corporation's Quarterly Report on Form 10-Q as filed with the SEC on December 17, 2021).
10.2*	Amended and Restated Employment Agreement between Scholastic Corporation and Peter Warwick, effective August 1, 2021 (supersedes and replaces the Amended and Restated Employment Agreement between Scholastic Corporation and Peter Warwick filed as Exhibit 10.5 to the Corporation's Quarterly Report on Form 10-Q as filed with the SEC on December 17, 2021).
10.3*	Performance Stock Unit Agreement between Scholastic Corporation and Peter Warwick, dated July 19, 2022.
31.1	Certification of the Chief Executive Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of the Chief Executive Officer and Chief Financial Officer of Scholastic Corporation furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended August 31, 2022 formatted in Inline Extensible Business Reporting Language: (i) Condensed Consolidated Statements of Operations; (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.
104	Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

* The referenced exhibit is a management contract or compensation plan or arrangement described in Item 601(b) (10) (iii) of Regulation S-K.

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: September 23, 2022	By:	/s/ Peter Warwick
		Peter Warwick
		President and Chief Executive Officer (Principal Executive Officer)
Date: September 23, 2022	By:	/s/ Kenneth J. Cleary
		Kenneth J. Cleary
		Chief Financial Officer (Principal Financial Officer)

Exhibit 10.1

SCHOLASTIC CORPORATION 2021 STOCK INCENTIVE PLAN

ARTICLE I
PURPOSE

The purpose of this Scholastic Corporation 2021 Stock Incentive Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer employees of, and Consultants to, the Company and its Affiliates stock-based incentives in the Company, thereby creating a means to raise the level of stock ownership by employees and Consultants in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders.

ARTICLE II
DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

1.1 "ACQUISITION EVENT" has the meaning set forth in Section 4.2(d).

1.2 "AFFILIATE" means each of the following: (i) any Subsidiary; (ii) any Parent; (iii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; (iv) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which directly or indirectly controls 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) of the Company or a Parent; and (v) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee.

1.3 "AWARD" means any award under this Plan of any (i) Stock Option; (ii) Restricted Stock Unit; or (iii) other awards providing benefits similar to a Stock Option or Restricted Stock Unit and which are designed to meet the requirements of a Foreign Jurisdiction.

1.4 "AWARD AGREEMENT" means, with respect to each Award, a written or electronic agreement or communication between the Company and the Participant setting forth the terms and conditions of the Award, including, without limitation, a Stock Option Agreement and Restricted Stock Unit Agreement. An Award Agreement may, but need not, require as a condition of its effectiveness that such Award Agreement be executed by the Participant, including by electronic signature or other electronic indication of acceptance.

1.5 "BOARD" means the Board of Directors of the Company.

1.6 "CAUSE" means, with respect to the Termination of Employment of an employee or Termination of Consultancy of a Consultant, (i) in the case where there is no employment agreement or consultancy agreement between the Company or an Affiliate and the Participant in effect at the time of the relevant grant or where there is an employment agreement or consultancy agreement in effect at such time, but such agreement does not define "cause" (or words of like import), termination due to a Participant's dishonesty, fraud, insubordination, willful misconduct, refusal to perform services (for any reason other than illness or incapacity) or materially unsatisfactory performance of his or her duties for the Company or an Affiliate, as determined by the Committee in its sole discretion; or (ii) in the case where there is an employment agreement or consultancy agreement between the Company or an Affiliate and the Participant in effect at the time of grant that defines "cause" (or words of like import), termination that is or would be deemed to be "for cause" (or words of like import) as defined under such employment agreement or consultancy agreement at the time of grant, as determined by the Committee in its sole discretion.

1.7 "CODE" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be deemed to include a reference to any successor provision and the Treasury regulations and other guidance promulgated thereunder.

1.8 "COMMITTEE" means a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of two or more non-employee directors, each of whom is intended to be, to the extent required by Rule 16b-3, a "non-employee director" as defined in Rule 16b-3 and to satisfy any other independence requirement under the rules of the NASDAQ Stock Market, Inc. ("NASDAQ"); provided, however, that if and to the extent that no Committee exists which has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed to be references to the Board.

1.9 "COMMON STOCK" means the Common Stock, $.01 par value per share, of the Company.

1.10 "COMPANY" means Scholastic Corporation, a Delaware corporation, and its successors by operation of law.

1.11 "CONSULTANT" means any non-employee advisor or consultant to the Company or its Affiliates.

1.12 "DISABILITY" means (i) in the case where there is no employment agreement or consultancy agreement between the Company or an Affiliate and the Participant in effect at the time of the relevant grant, or where there is an employment agreement or consultancy agreement in effect at such time, but such agreement does not define "disability", "total and permanent disability", as defined in Section 22(e)(3) of the Code, as determined by the Committee in its sole discretion; (ii) in the case where there is an employment agreement or consultancy agreement between the Company or an Affiliate and the Participant at the time of the relevant grant that defines "disability", "disability" as defined under such employment agreement or consultancy agreement, as determined by the Committee in its sole discretion; or (iii) in the case of an Award that constitutes nonqualified deferred compensation subject to Section 409A of the Code ("Section 409A Award"), "disability" as defined in Section 409A(2)(C) of the Code.

1.13 "EFFECTIVE DATE" means the effective date of this Plan as defined in Article XII.

1.14 "ELIGIBLE EMPLOYEE" means each employee of the Company or an Affiliate.

1.15 "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

1.16 "FAIR MARKET VALUE" means, unless otherwise required by any applicable provision of the Code, as of any date, the mean between the high and low sales prices of a share of Common Stock on the applicable date: (i) as reported on the principal national securities exchange on which it is then traded (including, without limitation, the NASDAQ Stock Market LLC) or (ii) if not traded on any such national securities exchange, the mean of the closing bid and asked prices of a share of Common Stock as reported by an automated quotation system sponsored by the National Association of Securities Dealers, Inc. If the Common Stock is not readily tradable on a national securities exchange, or any automated quotation system sponsored by the National Association of Securities Dealers, Inc., its Fair Market Value shall be set in good faith by the Committee, taking into account all factors that the Committee deems relevant, and shall be determined by the reasonable application of a reasonable valuation method within the meaning of Section 409A of the Code.

1.17 “FAMILY MEMBER” means, solely to the extent provided for in Securities Act Form S-8, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee’s household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, and any other entity in which these persons (or the employee) own more than 50% of the voting interests or as otherwise defined in Securities Act Form S-8.

1.18 “FOREIGN JURISDICTION” means any jurisdiction outside of the United States including, without limitation, countries, states, provinces and localities.

1.19 “PARENT” means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

1.20 “PARTICIPANT” means any Eligible Employee or Consultant to whom an Award has been made under this Plan.

1.21 “PERFORMANCE GOALS” has the meaning set forth in Section 8.1.

1.22 “PLAN” means this Scholastic Corporation 2021 Stock Incentive Plan, as amended from time to time.

1.23 “RESTRICTED STOCK UNIT” means an Award having a unit of measurement equivalent to one share of Common Stock but with none of the attendant rights of a holder of a share of Common Stock until a share of Common Stock is ultimately distributed in settlement of the Award (other than the right to receive dividend equivalent amounts in accordance with Section 7.2 hereof).

1.24 “RETIREMENT” means a Termination of Employment on or after age 55 and at least 10 years of continuous service with the Company or its Affiliates in accordance with the Company’s standard retirement policies as in effect from time to time or such other definitions of Retirement as the Committee may determine from time to time in its discretion.

1.25 “RULE 16B-3” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provisions.

1.26 “SECURITIES ACT” means the Securities Act of 1933, as amended. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

1.27 “STOCK OPTION” means any option to purchase shares of Common Stock granted to an Eligible Employee or Consultant under Article VI.

1.28 “SUBSIDIARY” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

1.29 “TERMINATION OF CONSULTANCY” means (i) the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed by the Consultant for the Company or an Affiliate; or (ii) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee or a non-employee director upon the termination of his or her consultancy, the Committee, in its sole and absolute discretion, may determine that no Termination of Consultancy shall be deemed to occur until such time as such individual is no longer a Consultant, an Eligible Employee or a non-employee director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Consultancy in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter. In the case of a Section 409A Award, "Termination of Consultancy" shall be interpreted to mean "separation from service" as defined in Section 409A of the Code.

1.30 "TERMINATION OF EMPLOYMENT" means: (i) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (ii) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant or non-employee director upon the termination of his or her employment, the Committee, in its sole and absolute discretion, may determine that no Termination of Employment shall be deemed to occur until such time as such individual is no longer an Eligible Employee, a Consultant or a non-employee director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Employment in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter. In the case of a Section 409A Award, "Termination of Employment" shall be interpreted to mean "separation from service" as defined in Section 409A.

1.31 "TRANSFER" means (i) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (ii) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, hypothecate, encumber, or otherwise dispose of (including the issuance of equity in a Person), whether for value or no value and whether voluntary or involuntary (including by operation of law).

ARTICLE III
ADMINISTRATION

1.32 THE COMMITTEE. The Plan shall be administered and interpreted by the Committee. If for any reason the appointed Committee does not meet the "non-employee director" or "outside director" requirements of Rule 16b-3, such noncompliance with the requirements of Rule 16b-3 shall not affect the validity of Awards, grants, interpretations or other actions of the Committee.

1.33 GRANTS OF AWARDS. The Committee shall have full authority and discretion to grant to Eligible Employees and Consultants, pursuant to the terms of this Plan, (i) Stock Options, (ii) Restricted Stock Units, or (iii) other awards providing benefits similar to Stock Options or Restricted Stock Units which are designed to meet the requirements of Foreign Jurisdictions. All Awards shall be granted by, confirmed by, and subject to the terms of, a written or electronic Award Agreement. In particular, the Committee shall have the discretionary authority:

(a) to select the Eligible Employees and Consultants to whom Awards may from time to time be granted hereunder;

(b) to determine whether and to what extent Awards, including any combination of two or more Awards, are to be granted hereunder to one or more Eligible Employees or Consultants;

(c) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Award granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation upon exercise, Performance Goals, any vesting schedule or acceleration thereof, and any forfeiture restrictions, or waiver thereof, regarding any Award and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, from time to time in any particular case, in its sole discretion);

(e) to establish or verify the extent of satisfaction of any Performance Goals or other conditions applicable to an Award;

(f) to determine whether and under what circumstances or method an Award may be settled;

(g) to determine whether to require an Eligible Employee or Consultant, as a condition of the granting of any Award, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of a Stock Option or other Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Stock Option or Award;

(h) to modify, extend or renew an Award, subject to Articles X and XIV herein, provided, however, that if an Award is modified, extended or renewed and thereby deemed to be the issuance of a new Award under the Code or the applicable accounting rules, the grant price of an Award may continue to be the original grant price even if less than the Fair Market Value of the Common Stock at the time of such modification, extension or renewal;

(i) to offer to buy out an Option previously granted, based on such terms and conditions as the Committee shall establish and communicate to the Participant at the time such offer is made;

(j) to delegate the day-to-day administration of the Plan to one or more officers of the Company or one or more agents, and such administrators may have the authority to execute and distribute agreements or other documents evidencing or relating to Awards granted under the Plan, to maintain Plan administration records, to interpret the terms of Awards and to take such other actions as the Committee may specify. Any action taken by any such administrator within the scope of its delegation shall be deemed for all purposes to have been taken by the Committee, and references in this Plan to the Committee shall include any such administrator; provided that the actions and interpretations of any such administrator shall be subject to review and approval, disapproval or modification by the Committee; and

(k) to make all other determinations or take such actions deemed necessary, appropriate, or advisable for the administration of the Plan.

1.34 GUIDELINES. Subject to Articles X and XIV hereof, the Committee shall have the discretionary authority to adopt, alter, repeal and interpret and construe such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Award issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any Award Agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may adopt special guidelines and provisions for persons who are residing in, or subject to the taxes of, Foreign Jurisdictions to comply with applicable tax, securities, employment and other laws, and may impose any limitations and restrictions that it deems necessary to comply with such laws of such Foreign Jurisdictions. To the extent applicable, this Plan is intended to comply with Section 409A of the Code and the applicable requirements of Rule 16b-3 and shall be limited, construed and interpreted in a manner so as to comply therewith.

1.35 DECISIONS FINAL. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns and any persons claiming rights under this Plan or an Award. A Participant or other person claiming rights under this Plan may contest a decision or action by the Committee with respect to an Award or such other person only on the ground that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action by the Board or otherwise shall be limited to determining whether the Committee’s decision or action was arbitrary, capricious or unlawful.

1.36 RELIANCE ON COUNSEL. The Company, the Board or the Committee may consult with legal counsel, who may be counsel for the Company or other counsel, with respect to its obligations or duties hereunder, or with respect to any action or proceeding or any question of law, and shall not be liable with respect to any action taken or omitted by it in good faith pursuant to the advice of such counsel.

1.37 PROCEDURES. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable. A majority of the Committee members shall constitute a quorum if the Committee consists of an odd number of members. If the Committee consists of an even number of members, 50% of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of those members present at a meeting at which there is a quorum . Any decision or determination reduced to writing and signed by all the Committee members, in accordance with the By-Laws of the Company, shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

1.38 DESIGNATION OF CONSULTANTS/LIABILITY.

(a) The Committee may designate employees of the Company and Affiliates and professional advisors to assist the Committee in the administration of this Plan and may grant authority to officers to execute Award Agreements or other communications (including by electronic signature or electronic acceptance) or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any employee of the Company or Affiliate designated pursuant to Paragraph (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or Affiliate or member or former member of the Committee shall be liable for any action or determination made in good faith with respect to this Plan or any Award granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Company (or if applicable, of an Affiliate), each officer and member or former member of the Committee shall be indemnified and held harmless by the Company (or if applicable, an Affiliate) against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and shall be advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with this Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to him or her under this Plan.

ARTICLE IV
SHARE AND OTHER LIMITATIONS

1.1 SHARES. The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which Awards may be granted shall not exceed 2,500,000 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2) with respect to all types of Awards. The shares of Common Stock available under this Plan may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company. If any Stock Option granted under this Plan expires, terminates, or is canceled for any reason without having been exercised in full or, with respect to Stock Options, the Company repurchases any Stock Option, the number of shares of Common Stock underlying such unexercised or repurchased Stock Option shall again be available for the purposes of Awards under this Plan. If Common Stock has been delivered or exchanged by a Participant as full or partial payment to the Company of a grant price or the price of the purchase of an Award, the number of shares of Common Stock exchanged as payment in connection with the exercise or purchase shall again be available for purposes of determining the number of shares of Common Stock available for Awards. If Common Stock has been delivered by a Participant for payment of withholding taxes, or if the number of shares of Common Stock otherwise deliverable has been reduced for payment of withholding taxes, the number of shares of Common Stock delivered by such Participant or reduced for payment of withholding taxes shall again be available for purposes of determining the number of shares of Common Stock available for Awards.

1.2 CHANGES.

(a) The existence of this Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company or any Affiliate, any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting Common Stock, the dissolution or liquidation of the Company or any Affiliate, any sale or transfer of all or part of the assets or business of the Company or any Affiliate or any other corporate act or proceeding.

(b) Subject to the provisions of Section 4.2(d), in the event of any change in the capital structure of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in the capital structure of the Company, non-cash distribution with respect to its outstanding Common Stock or capital stock other than Common Stock, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to purchase any Common Stock or securities convertible into Common Stock, or any other corporate transaction or event having an effect similar to any of the foregoing, then the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option or other Award granted under this Plan and the purchase price thereof may be appropriately adjusted consistent with such change in such manner as, and to the extent that, the Committee may deem equitable to prevent substantial dilution or enlargement (as determined by the Committee) of the rights granted to, or available for, Participants under this Plan, and any such adjustment determined by the Committee in good faith shall be final, binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns.

(c) Fractional shares of Common Stock resulting from any adjustment in Stock Options or other Awards pursuant to Section 4.2(b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding.

(d) In the event of a merger or consolidation in which the Company is not the surviving entity or in the event of any transaction that results in the acquisition of substantially all of the Company’s outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of all or substantially all of the Company’s assets (all of the foregoing being referred to as “Acquisition Events”), each outstanding Award will be treated as the Committee determines (subject to the provisions of the following paragraph) without a Participant’s consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or successor entity (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant’s Awards will terminate upon or immediately prior to the consummation of such Acquistion Event; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such Acquistion Event, and, to the extent the Commitee determines, terminate upon or immediately prior to the effectiveness of such Acquistion Event; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant’s rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant’s rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Committee in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this Section 4.2(d), the Committee will not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, similarly. Notwithstanding anything in this Section 4.2(d) to the contrary, prior to any payment or adjustment contemplated under this Section 4.2(d), the Committee may require a Participant to bear such Participant’s pro rata share of any post-closing indemnity obligations and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code.

For the purposes of this Section 4.2(d), an Award will be considered assumed if, following the applicable transaction, the Award confers the right to purchase or receive, for each share of Common Stock subject to the Award immediately prior to such transaction, the consideration (whether stock, cash, or other securities or property) received in such transaction by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Common Stock); provided, however, that if such consideration received in such transaction is not solely common stock of the acquiring or succeeding corporation, the Committee may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of a Stock Option or upon the payout of a Restricted Stock Unit, for each share of Common Stock subject to such Award, to be solely common stock of the acquiring or succeeding corporation equal in fair market value to the per share consideration received by holders of Common Stock in the Acquistion Event. An Award that vests, is earned or is paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, that a modification to such performance goals only to reflect the successor corporation's post-Acquistion Event corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

If the Acquistion Event does not constitute a change in ownership of the Company or change ownership of a substantial portion of the assets of the Company as provided under Section 409A(2)(A)(v), Restricted Stock Units that constitute Section 409A Awards shall be settled and paid on the date provided for in the Award Agreement, or if sooner, the earliest date on which such Restricted Stock Units may be paid without violating Section 409A of the Code.

1.1 MINIMUM PURCHASE PRICE. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

ARTICLE V
ELIGIBILITY

1.3 GENERAL ELIGIBILITY. All Eligible Employees and Consultants and prospective employees of and Consultants to the Company and its Affiliates are eligible to be granted Stock Options and Restricted Stock Units under this Plan or other Awards under this Plan providing benefits similar to each of the foregoing and which are designed to meet the requirements of Foreign Jurisdictions. Eligibility for the grant of an Award and actual participation in this Plan shall be determined by the Committee in its sole discretion. The vesting and exercise of Awards granted to a prospective employee or Consultant are conditioned upon such individual actually becoming an Eligible Employee or Consultant.

ARTICLE VI
STOCK OPTIONS

1.1 STOCK OPTIONS. Stock Options granted hereunder shall not be incentive stock options intended to satisfy the requirements of Section 422 of the Code.

1.2 GRANTS. The Committee shall have the authority to grant to any Eligible Employee or Consultant one or more Stock Options.

1.3 TERMS OF STOCK OPTIONS. Stock Options granted under this Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:

(a) GRANT PRICE. The grant price per share of Common Stock shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of a share of Common Stock at the time of grant.

(b) STOCK OPTION TERM. The term of each Stock Option shall be fixed by the Committee; provided, however, that no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted.

(c) EXERCISABILITY. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such limitations on exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion. Stock Options may not be exercised during any period prohibited by the Company's stock trading policies or applicable securities laws.

(d) METHOD OF EXERCISE. Subject to whatever installment exercise, waiting period, and other provisions and limitations apply under Paragraph (c) above, Stock Options may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving notice of exercise to the Company, pursuant to such electronic or other procedures as may be specified by the Company or its Plan administrator from time to time, specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows:

(i) in cash or by check, bank draft or money order payable to the order of the Company pursuant to procedures specified by the Company or its Plan administrator from time to time;

(ii) if the Common Stock is traded on a national securities exchange, or quoted on a national quotation system sponsored by the National Association of Securities Dealers, Inc., through a "cashless exercise" procedure whereby the Participant delivers irrevocable instructions to a broker approved by the Company to sell a sufficient number of shares of Common Stock acquired upon exercise of the Stock Options and remit promptly to the Company an amount equal to the purchase price and any applicable withholding taxes; or

(iii) on such other terms and conditions as may be acceptable to the Company or its Plan administrator from time to time (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant by either actual delivery or attestation (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the exercise date as determined by the Company or its Plan administrator). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) FORM, MODIFICATION, EXTENSION AND RENEWAL OF STOCK OPTIONS. Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of written or electronic Award Agreement or grant as is approved by the Committee from time to time, and the Committee may modify, extend or renew outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without his or her consent). Notwithstanding the foregoing, the Company shall not reduce the grant price of a Stock Option and shall not exchange a Stock Option for a new Award with a lower (or no grant price) without approval of the stockholders of the Company in accordance with the Company’s Certificate of Incorporation and the laws of the State of Delaware.

(f) OTHER TERMS AND CONDITIONS. Any Stock Option may contain such other provisions, which shall not be inconsistent with any of the foregoing terms of this Plan, as the Committee shall deem appropriate.

(g) AUTOMATIC EXERCISE. The Plan administrator may provide in a Stock Option Agreement or otherwise that any Stock Option outstanding on the last business day of the term of such Stock Option ("Automatic Exercise Date") that has a "Specified Minimum Value" shall be automatically and without further action by the Participant (or in the event of the Participant's death, the Participant's personal representative or estate), be exercised on the Automatic Exercise Date. Payment of the grant price of such Stock Option may be made pursuant to such procedures as may be approved by the Plan administrator from time to time and the Company shall deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 12.4. For purposes of this Section 6.3(g), the term "Specified Minimum Value" means that the Fair Market Value per share of Common Stock exceeds the grant price of a share subject to an expiring Stock Option by at least $0.50 cents per share or such other amount as the Plan administrator shall determine from time to time. The Plan administrator may elect to discontinue the automatic exercise of Stock Options pursuant to this Section 6.3(g) at any time upon notice to a Participant. The automatic exercise of a Stock Option pursuant to this Section 6.3(g) shall apply only to a Stock Option award that has been timely accepted by a Participant under procedures specified by the Plan administrator from time to time.

ARTICLE VII
RESTRICTED STOCK UNITS

1.1 AWARDS OF RESTRICTED STOCK UNITS. Awards of Restricted Stock Units may be issued to Eligible Employees or Consultants either alone or in addition to other Awards granted under this Plan. The Committee shall determine the Eligible Employees or Consultants to whom, and the time or times at which, grants of Restricted Stock Units will be made, the number of units to be awarded, the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards. An Award Agreement may condition the grant or vesting of Restricted Stock Units upon the attainment of Performance Goals or such other factors as the Committee may determine, in its sole discretion.

1.2 RESTRICTED STOCK UNIT AWARDS. Restricted Stock Units represent an unfunded and unsecured obligation of the Company and do not confer any rights of a stockholder until Common Stock is issued thereunder. Settlement of Restricted Stock Units may be settled in shares of Common Stock or otherwise as determined by the Committee or as set forth in the Award Agreement. Dividend equivalent rights shall be payable in cash with respect to Restricted Stock Units only to the extent provided by the Committee or as set forth in the Award Agreement. Until a Restricted Stock Unit is settled, the number of shares represented by the unit shall be subject to adjustment pursuant to Section 4.2.

ARTICLE VIII
PERFORMANCE GOALS

1.3 PERFORMANCE GOALS, FORMULAE OR STANDARDS. The Committee may condition the grant or vesting of Awards under the Plan upon the attainment of specified performance goals ("Performance Goals") or such other factors as the Committee may determine, in its sole discretion. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances. The applicable Performance Goals may be based on one or more of the Performance Criteria set forth in Exhibit A hereto.

ARTICLE IX
NON-TRANSFERABILITY AND TERMINATION OF EMPLOYMENT/CONSULTANCY

1.4 NON-TRANSFERABILITY. Except as otherwise provided herein, no Stock Option, Restricted Stock Unit or other Award shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. Except as otherwise provided herein, all Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. No Award shall, except as otherwise specifically provided by law or herein, be Transferable in any manner, and any attempt to Transfer any such Award shall be void, and no such Award shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Award, nor shall it be subject to attachment or legal process for or against such person. Notwithstanding any provision herein to the contrary, the Committee may determine at the time of grant or thereafter that a Stock Option that is otherwise not Transferable pursuant to this Section 9.1 is Transferable to, and exercisable by, a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred during the employee's lifetime other than to the employee or another Family Member, and (ii) remains subject to the terms of this Plan and the Award Agreement.

1.5 TERMINATION OF EMPLOYMENT OR TERMINATION OF CONSULTANCY. The following rules apply with regard to the Termination of Employment or Termination of Consultancy of a Participant:

(a) RULES APPLICABLE TO STOCK OPTIONS. Except as otherwise determined by the Committee or as provided in the applicable provisions of the Award Agreement or, if no rights of the Participant are reduced, as thereafter determined by the Committee:

(i) TERMINATION BY REASON OF DEATH OR DISABILITY. If a Participant's Termination of Employment or Termination of Consultancy is by reason of death or Disability, all Stock Options held by such Participant shall become fully exercisable on the date of such Termination of Employment or Termination of Consultancy and may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year from the date of such Termination of Employment or Termination of Consultancy, but in no event beyond the expiration of the stated terms of such Stock Options.

(ii) TERMINATION BY REASON OF RETIREMENT. In the event of a Participant's Termination of Employment by reason of Retirement, for a period of three years from the date of such Termination of Employment, all unvested Stock Options held by such Participant shall continue to vest and all exercisable Stock Options may be exercised by the Participant, but in no event beyond the expiration of the stated terms of such Stock Options.

(iii) INVOLUNTARY TERMINATION WITHOUT CAUSE. If a Participant's Termination of Employment or Termination of Consultancy is by involuntary termination without Cause, all Stock Options held by such Participant may be exercised, to the extent exercisable at Termination of Employment or Termination of Consultancy, by the Participant at any time within a period of 90 days from the date of such Termination of Employment or Termination of Consultancy, but in no event beyond the expiration of the stated term of such Stock Options.

(iv) TERMINATION FOR CAUSE OR FOR ANY REASON OTHER THAN DEATH, DISABILITY, RETIREMENT OR INVOLUNTARY TERMINATION WITHOUT CAUSE. If a Participant's Termination of Employment or Termination of Consultancy is for Cause, all Stock Options held by such Participant shall thereupon terminate and expire as of the date of such Termination of Employment or Termination of Consultancy. If a Participant's Termination of Employment or Termination of Consultancy is for any reason other than Cause, death, Disability, Retirement, or other than an involuntary Termination of Employment or Termination of Consultancy without Cause, including, without limitation, a voluntary Termination of Employment or Termination of Consultancy, all Stock Options held by such Participant may be exercised, to the extent exercisable at Termination of Employment or Termination of Consultancy, by the Participant at any time within a period of 90 days from the date of such Termination of Employment or Termination of Consultancy, but in no event beyond the expiration of the stated term of such Stock Options.

(a) RULES APPLICABLE TO RESTRICTED STOCK UNITS. Except as otherwise provided in the applicable provisions of the Award Agreement and this Plan and except as provided in Article VIII hereof with respect to Restricted Stock Units intended to constitute Qualified Performance-Based Compensation:

(v) upon a Termination of Employment or Termination of Consultancy by a Participant as a result of a Participant's death, Disability or Retirement, all outstanding unvested Restricted Stock Units shall immediately vest and a share of Common Stock with respect to each Restricted Stock Unit shall be distributed within 30 days of such termination.

(vi) If a Restricted Stock Unit constitutes a Section 409A Award, no distribution shall be made upon a Participant's Termination of Employment or a Termination of Consultancy unless such termination constitutes a "separation from service" within the meaning of Section 409A of the Code.

(vii) Except as provided in this Article IX, Restricted Stock Units that are not vested as of the date of a Participant's Termination of Employment or

Termination of Consultancy for any reason shall terminate and be forfeited in their entirety on the date of such termination.

ARTICLE X
TERMINATION OR AMENDMENT OF PLAN

1.6 TERMINATION OR AMENDMENT. Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination may not be impaired without the consent of such Participant and, provided further, without the approval of the stockholders of the Company in accordance with the Company's Certificate of Incorporation and the laws of the State of Delaware, to the extent required by the applicable provisions of Rule 16b-3, no amendment may be made which would (i) increase the aggregate number of shares of Common Stock that may be issued under this Plan; (ii) increase the maximum individual Participant limitations for a fiscal year under Section 4.1(b); (iii) change the classification of employees or Consultants eligible to receive Awards under this Plan; (iv) decrease the minimum option price of any Stock Option; (v) extend the maximum option period under Section 6.3; or (vi) materially alter the Performance Criteria for Awards as set forth in Exhibit A.

1.7 The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any Participant without the Participant's consent.

ARTICLE XI
UNFUNDED PLAN

1.8 UNFUNDED STATUS OF PLAN. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII
GENERAL PROVISIONS

1.9 LEGEND. The Committee may require each person receiving shares pursuant to an Award under this Plan to represent to and agree with the Company electronically or otherwise that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by this Plan, the certificates for any shares issued under the Plan shall include any legend which the Committee deems appropriate to reflect any restrictions on Transfer if the shares of Common Stock available under the Plan are no longer registered under a Securities Act Form S-8 or any successor form. All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. The Company reserves the right to issue book entry shares in lieu of share certificates.

1.10 OTHER PLANS. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

1.11 NO RIGHT TO EMPLOYMENT/CONSULTANCY. Neither this Plan nor the grant of any Award hereunder shall give any Participant or other employee or Consultant any right with respect to continuance of employment or Consultancy by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed or a Consultant is retained to terminate his or her employment or Consultancy at any time.

1.12 WITHHOLDING OF TAXES. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of any minimum Federal, state or local taxes required by law to be withheld. Any such withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee or as provided in the Award Agreement, by reducing the number of shares of Common Stock otherwise deliverable by the Company or by delivering shares of Common Stock already owned by the Participant. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

1.13 LISTING AND OTHER CONDITIONS.

(b) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option with respect to such shares shall be suspended until such listing has been effected.

(c) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to an Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Awards, and the right to exercise any Stock Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(d) Upon termination of any period of suspension under this Section 12.5, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Stock Option.

(e) A Participant shall be required to supply the Company electronically or otherwise with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

1.14 GOVERNING LAW. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

1.15 CONSTRUCTION. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

1.16 OTHER BENEFITS. No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

1.17 COSTS. The Company shall bear all expenses incurred in administering this Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

1.18 NO RIGHT TO SAME BENEFITS. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

1.19 DEATH/DISABILITY. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant’s death or Disability and to supply it with a copy of the will (in the case of the Participant’s death) or such other evidence as the Committee deems necessary to establish the validity of the Transfer of an Award. The Committee may also require the agreement of the transferee to be bound by all of the terms and conditions of this Plan.

1.20 SECTION 16(b) OF THE EXCHANGE ACT. All elections and transactions under this Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3 and the Committee shall interpret and administer these guidelines in a manner consistent therewith. The Committee may establish and adopt electronic or other administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of this Plan and the transaction of business hereunder. If an officer (as defined in Rule 16b) is designated by the Committee to receive an Award, any such Award shall be deemed approved by the Committee and shall be deemed an exempt purchase under Rule 16b. Any provisions in this Plan or an Award Agreement inconsistent with Rule 16b shall be inoperative and shall not affect the validity of this Section 12.12. Notwithstanding anything herein to the contrary, if the grant of any Award or the payment of a share of Common Stock with respect to an Award or any election with regard thereto results or would result in a violation of Section 16(b) of the Exchange Act, any such grant, payment or election shall be deemed to be amended to comply therewith, and to the extent such grant, payment or election cannot be amended to comply therewith, such grant, payment or election shall be immediately cancelled and the Participant shall not have any rights thereto.

1.21 SECTION 409A. With respect to any Section 409A Award, this Plan and each Award Agreement are intended to be interpreted in a manner that conforms to or exempts such Award from the requirements of Section 409A of the Code. To the extent required by Section 409A of the Code, upon a Termination of Employment or Termination of Consultancy (other than as a result of death) of a “specified employee” (within the meaning of Section 409A), Section 409A Awards shall be delayed until six months after such Termination of Employment or Termination of Consultancy if such termination constitutes a “separation from service” (within the meaning of Section 409A(a)(2)(A)(i) of the Code) and such distributions shall be made at the beginning of the seventh month following the date of the Specified Employee’s Termination of Employment or Termination of Consultancy.

1.22 SUCCESSORS AND ASSIGNS. This Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

1.23 SEVERABILITY OF PROVISIONS. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provision had not been included.

1.24 HEADINGS AND CAPTIONS. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

ARTICLE XIII
EFFECTIVE DATE OF PLAN

1.25 This Plan was adopted by the Board on July 21, 2021 and shall become effective on September 22, 2021, the date it was approved by the stockholders of the Company in accordance with the requirements of the Company’s Certificate of Incorporation and the laws of the State of Delaware.

ARTICLE XIV
TERM OF PLAN

1.26 No Award shall be granted pursuant to this Plan on or after September 22, 2031 (the tenth anniversary of the date this Plan was approved by the stockholders of the Company), but Awards granted prior to such tenth anniversary may extend beyond that date.

EXHIBIT A TO THE 2021 STOCK INCENTIVE PLAN

PERFORMANCE CRITERIA

Any Performance Goals established for purposes of conditioning the grant of an Award based on performance or the vesting of performance-based Awards, shall be based on one or more of the following performance criteria either individually, alternatively, or in any combination applied either to the Company, an Affiliate or any business unit thereof, individually, alternatively, or in any combination, and measured either annually or cumulatively over a period of years, or on an absolute basis or relative to previous year's results or to a designated comparison group, in either case as specified by the Committee in the Award ("Performance Criteria"): (i) the attainment of certain target levels of, or a specified percentage increase in, revenues, income before income taxes and extraordinary items, income or net income, earnings before income tax, earnings before interest, taxes, depreciation and amortization, or a combination of any or all of the foregoing; (ii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax profits including, without limitation, that attributable to continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase in, operational cash flow; (iv) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of the Company's bank debt or other long-term or short-term public or private debt or other similar financial obligations of the Company, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Committee; (v) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations; (vi) the attainment of certain target levels of, or a specified increase in, return on capital employed or return on invested capital or operating revenue; (vii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on stockholders' equity; (viii) the attainment of certain target levels of, or a specified increase in, economic value added targets based on a cash flow return on investment formula; (ix) the attainment of certain target levels in the fair market value of the shares of the Company's Common Stock; (x) market segment share; (xi) product release schedules; (xii) new product innovation; (xiii) product or other cost reductions; (xiv) brand recognition or acceptance; (xv) product ship targets; (xvi) customer satisfaction; (xvii) total shareholder return; (xviii) return on assets or net assets; (xix) assets, operating margin or profit margin; or (xx) the growth in the value of an investment in the Company's Common Stock assuming the reinvestment of dividends.

The Committee may: (i) designate additional business criteria on which the Performance Criteria may be based, or (ii) adjust, modify or amend the aforementioned business criteria.

Exhibit 10.2

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This amended and restated employment agreement (this "Agreement") by and between Scholastic Corporation ("Scholastic" or the "Company") and Peter Warwick ("Warwick") is entered into effective as of August 1, 2021.

This Agreement relates to the terms and conditions of Warwick's employment with Scholastic as Chief Executive Officer and President for the term specified herein. This Agreement has been amended and restated in respect of the treatment of equity awards upon termination.

The parties hereby agree as follows:

1. Employment. Scholastic hereby employs Warwick to serve in the capacity of Chief Executive Officer ("CEO") and President of Scholastic on the terms and conditions set forth herein. Warwick shall have such powers and authority with respect to the management of Scholastic as is consistent with the by-laws of Scholastic and his position as the senior executive of Scholastic. Warwick shall be responsible to and report solely to the Board of Directors of Scholastic (the "Board"). Warwick is presently a director of Scholastic and he shall remain as a director. While he shall have no committee assignments, he shall be entitled to participate in meetings of each of the committees at his discretion, except for those portions of any meeting that is (A) considering issues in which he has a personal interest (e.g., personal compensation) or (B) considering issues that are reserved only for independent directors.

2. Term. Warwick's employment term under this Agreement shall commence on August 1, 2021 (the "Effective Date") and continue through and including July 31, 2024 (the "Expiration Date"), subject to early termination as provided in this Agreement (the "Term").

3. Base Salary. Scholastic shall pay Warwick an initial annual fixed salary of US$ l,000,000 from the Effective Date ("Base Salary") payable in equal installments in accordance with Scholastic's standard payroll practices. The Base Salary may be increased but not decreased in connection with Scholastic's annual review of executive compensation.

4. Discretionary Annual Bonus.

(a) Bonus Opportunity. During the Term, Warwick shall be eligible to receive a discretionary annual bonus, payable in cash (the "Discretionary Bonus"), for each of fiscal years 2022, 2023, and 2024, provided (subject to Section 4(b)) Warwick is employed by Scholastic on the last day of such fiscal year. The Discretionary Bonus shall be based upon a target opportunity of one hundred twenty-five percent (125%) of Warwick's Base Salary. Scholastic's Human Resources and Compensation Committee ("HRCC"), with input from Scholastic's human resources department, shall develop annual performance criteria for the Discretionary Bonus for each fiscal year (to be mutually agreed with Warwick), and the weighting to be applied thereto, upon which the determination of the Discretionary Bonus amount, if any, shall be made, with such performance criteria to be established (i) for fiscal year 2022 by September 1, 2021 and (ii) prior to the commencement of fiscal years 2023 and 2024.

(b) For any fiscal year in which Warwick is employed for only a portion of that fiscal year, Warwick shall be eligible to receive a pro-rata Discretionary Bonus following the end of and with respect to that fiscal year under the circumstances provided for in Section 10(d) below.

(c) In the case of the Discretionary Bonus for fiscal year 2022, the Discretionary Bonus shall be subject to a minimum guaranteed cash payout to Warwick in the amount of $625,000.00.

(d) The Discretionary Bonus shall be payable in a timely manner, but in any event when bonuses, if any, are generally given to Scholastic's other senior-level employees and in all events within the "short-term deferral" period provided under Treasury Regulation Section l.409A-l(a)(4).

5. Equity Awards.

(e) Initial Award of RSUs and Stock Options. In consideration of his becoming CEO and President under this Agreement, Scholastic will recommend to the HRCC that Warwick be granted, under the Scholastic Corporation 2011 Stock Incentive Plan (the "2011 Plan"), an initial equity award with a total value of US $l,500,000, of which 75% shall be in the form of restricted stock units ("RSUs") (the "Initial RSU Award") and 25 % shall be in the form of options to purchase shares of Common Stock of Scholastic ("Stock Options") (the "Stock Option Award"). The exercise price per share of the Stock Options shall be equal to the fair market value of a share of Common Stock on the date of grant determined in accordance with the terms of the 2011 Plan, with the number of shares of Common Stock subject to such option being based upon the Black-Scholes model of calculating the fair value of a stock option, such calculation to include the standard Company metrics, necessary to cause the Black-Scholes value of such option on the grant date to be equal to $375,000. The number of RSUs to be granted will be the number equal to $1,125,000 divided by the fair market value of a share of Common Stock on the date of grant determined in accordance with the terms of the 2011 Plan.

(i) Date of Vesting; Date Exercisable. Subject to Warwick's continued employment hereunder, the RSUs and Stock Options granted pursuant to Section 5(a) (the "Initial Equity Award") shall vest in equal installments over a three year period with the first installment vesting upon the first anniversary of the date of grant.

(ii) Exercise of Stock Options The Stock Option portion of the Initial Equity Grant shall be exercisable by Warwick (or his heirs) for a seven year period, notwithstanding the termination of Warwick's employment during such period, except as provided in Section 10(a) below if Warwick is terminated by Scholastic for "Cause" (as defined herein) or Warwick voluntarily terminates his employment prior to the end of the Term other than for Good Reason (as hereinafter defined).

(iii) Pre-Existing and Other Equity. The foregoing Initial Equity Award shall be in addition to any equity awards granted to Warwick by Scholastic prior to the

Effective Date (the "Pre-Existing Equity"). The Pre-Existing Equity will continue to be governed by its existing terms.

(iv) Award Agreements. Each of the Initial RSU Award and the Stock Option Award shall be subject to the terms and conditions of Scholastic's standard Restricted Stock Unit Agreement and Stock Option Agreement, as modified to reflect the terms and conditions of this Agreement.

(f) Annual Equity Awards. Scholastic will recommend to the HRCC that Warwick be granted an annual equity grant (each, an "Annual Performance-Based RSU Award"), in the form of performance-based RSUs in respect to each of fiscal years 2022, 2023, and 2024. The target number of RSUs to be granted under each Annual Performance Based RSU Award will be the number equal to $1,000,000 divided by the fair market value of a share of Common Stock on the date of grant determined in accordance with the terms of the 2011 Plan (or any successor to the 2011 Plan). For purposes of this Section 5(b), the grant date of the fiscal year 2022 Annual Performance-Based RSU Award shall be deemed to be August 1, 2021, and no apportionment shall apply in respect to fiscal year 2022 by virtue of the Effective Date of this Agreement.

(i) The performance measures shall be established (i) for fiscal year 2022, prior to September 1, 2021 and (ii) for fiscal years 2023 and 2024, prior to the commencement of each such fiscal year.

(ii) The performance measures will be established annually by the HRCC (with input from the human resources department of Scholastic) in consultation with Warwick and may include some or all of the following measures: (1) success in identifying and mentoring candidates as potential successor as CEO; (2) success in implementing initiatives to centralize certain functions (e.g., strategic marketing, including digital) to create a "one Scholastic" view of the Company for the customer; (3) success centered on a specific business, such as Education Solutions and growth opportunities, and (4) success in carrying corporate priorities, as identified on an annual basis, forward at the business unit level.

(iii) Subject to (A) the attainment, as determined by the HRCC, of the applicable performance goals in accordance with the applicable award agreement and (B) Warwick's continued employment with Scholastic through each of the relevant vesting dates, each of the Annual Performance-Based RSU Awards granted pursuant to this Section 5(b), subject to the provisions of Section 10, shall vest on the one year anniversary of the applicable Annual Performance-Based RSU Award grant date. The number of RSUs as a percentage of target to be delivered pursuant to each such Annual Performance-Based RSU Award, if any, shall be determined by the HRCC based on its determination, in its sole discretion, of the level of attainment of the applicable performance goals.

(iv) Award Agreements Each of the Annual Performance-Based RSU Awards shall be subject to the terms and conditions of Scholastic's standard Restricted Stock Unit Agreement, as modified to reflect the terms and conditions of this Agreement.

6. Change of Control

(a) Change of Control definition. For purposes of this Agreement, a "Change of Control" shall have occurred:

(i) if, following the date of this Agreement, any person (individually or as part of a group as defined in Section 13(d)(3) under the Securities Exchange Act of 1934, as amended, other than Iole Lucchese, whether in her capacity as an executor under the Last Will and Testament of M. Richard Robinson, Jr. or in her individual capacity, or her heirs, acquires or otherwise obtains beneficial ownership over or with respect to more than fifty percent (50%) of the shares of Class A Stock of Scholastic then outstanding; or

(ii) if, as a result of one or more related transactions in the context of a merger, consolidation, sale or other disposition of equity interests or assets of Scholastic, there is a sale or disposition of sixty-six and two-thirds percent (66 2/3%) or more of Scholastic's assets (or consummation of any transaction, or series of related transactions, having similar effect); or

(iii) if there is a dissolution or liquidation of Scholastic.

(a) Change of Control Severance. If, upon or within twelve (12) months following a Change of Control, Scholastic terminates Warwick's employment without Cause pursuant to Section 9(e) or Warwick terminates his employment for Good Reason pursuant to Section 9(d), then, subject to Section l0(e), Warwick shall be entitled, in addition to the Accrued Obligations (as defined below), to receive the Severance Benefits (as identified in Section 10(c) below and subject to the terms and conditions set forth therein); provided, however, that the amount of the cash severance payable to Warwick in connection with such a termination of his employment as provided in Section 10(c)(i) shall be equal to twice the present value (using the then prevailing rate of interest charged to Scholastic by its principal lender as the discount rate) of payment of Warwick's Base Salary through the Expiration Date, such payment to be made as provided in Section 10(c)(i).

(b) Definition of Accrued Obligations. As used in this Agreement, "Accrued Obligations" means accrued but unpaid (i) Base Salary, (ii) expense reimbursement and (iii) vested equity awards (except as described in Section l0(a)(i)).

7. Benefits/Expenses.

(b) During the Term, Warwick shall be eligible for all employee benefits (including health insurance and 401(k) or other retirement plans, participation in the Scholastic Management Stock Purchase Plan, etc.) per Scholastic's standard benefit programs on terms not less favorable than those provided generally to other senior executives of Scholastic. Warwick shall be entitled to take paid time off without a reduction in salary, subject to the demands and requirements of Warwick's duties and responsibilities under this Agreement. Warwick shall not accrue any vacation.

(c) During the Term, Scholastic shall, consistent with its normal practice, promptly reimburse Warwick for all travel, entertainment and other reasonable business expenses incurred by him in promoting the business of Scholastic. For the avoidance of doubt, Warwick shall be eligible to travel First Class (or the equivalent thereof) in the case of his business-related air travel, whether U.S. domestic or international.

(d) Notwithstanding the foregoing, nothing contained in this Agreement shall obligate Scholastic to adopt or implement any benefits, or prevent or limit Scholastic from making any blanket amendments, changes, or modifications of the eligibility requirements or any other provisions of, or terminating, in its entirety, any benefit at any time, and Warwick's participation in or entitlement under any such benefit shall at all times be subject in all respects thereto; provided, however, that Warwick shall be treated no less favorably than other senior executives of Scholastic generally.

8. Devotion of Time/Services. Warwick recognizes that, consistent with his position as CEO, he is required to devote substantially all of his business time and services to the business and interests of Scholastic and, due to Warwick's high level position, failure to do so would cause a material and substantial disruption to Scholastic's operations. Consistent with the foregoing, Warwick agrees that he shall not undertake any activity that is in direct conflict with the essential enterprise related interests of Scholastic. As long as Warwick's meaningful business time is devoted to Scholastic, Warwick may devote a reasonable amount of time to charitable, political and civic activities, so long as these activities do not directly conflict with Scholastic's interests or otherwise materially interfere with Warwick's performance under this Agreement.

9. Termination. Warwick's employment and the Term shall terminate upon the happening of any one or more of the following events:

(a) upon the death of Warwick;

(b) by Scholastic giving written notice of termination to Warwick during the continuance of any Disability (as defined below) at any time after he has been unable to perform the material services or material duties required of him in connection with his employment by Scholastic as a result of physical or mental Disability (or Disabilities) which has (or have) continued for a period of twelve (12) consecutive weeks, or for a period of sixteen (16) weeks in the aggregate, during any twelve (12) consecutive month period. Notwithstanding any other provision herein, during any period of Disability hereunder which lasts for more than two (2) consecutive weeks, in its exercise of good faith business judgment, and in consultation with Warwick (if practical), the Board may appoint an interim CEO to fulfill the duties and responsibilities of Warwick and such appointment shall not be deemed a breach of this Agreement; provided, however, that upon the termination of Warwick's Disability, Warwick shall immediately resume the position of sole CEO and his duties and responsibilities in accordance with the terms of this Agreement and the interim CEO shall cease serving in such capacity. For purposes of this Agreement, "Disability" shall mean a physical or mental impairment which renders Warwick unable to perform the essential functions of his position, with even reasonable accommodation which does not impose an undue hardship on Scholastic. Scholastic reserves the right, acting reasonably and in good faith, to make the determination of

Disability under this Agreement based upon information supplied by Warwick and/or his medical personnel, as well as information from medical personnel (or others) selected by Scholastic or its insurers. Warwick shall have ten (10) business days following written notice by Scholastic to cure the Disability, if such Disability is capable of cure;

(c) by Scholastic giving written notice of termination for Cause. "Cause," as used herein, means that Warwick has engaged in or committed any of the following: conviction of a felony, except a felony relating to a traffic accident or traffic violation; gross negligence or willful misconduct with respect to Scholastic, which shall include, but is not limited to, theft, fraud or other illegal conduct, refusal or unwillingness to perform his customary employment duties, sexual harassment, any willful (and not legally protected) act that is likely to and which does in fact have the effect of materially injuring the reputation, business or a business relationship of Scholastic, violation of any fiduciary duty, and violation of any duty of loyalty; (iii) any material breach of this Agreement by Warwick; or (iv) conduct in violation of Section 11 of this Agreement;

(d) by Warwick giving notice of his intention to terminate his employment with Scholastic for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) a material diminution in Warwick's position, authority, duties or responsibilities from the level in effect as CEO on the Effective Date;

(ii) a material reduction of Warwick's Base Salary or target opportunity Discretionary Bonus as in effect on the commencement of the Term or as the same may be increased from time to time;

(iii) a requirement by Scholastic that Warwick report to anyone other than the Board; or

(iv) any material breach by Scholastic of this Agreement or any other compensatory arrangement between Scholastic and Warwick.

Good Reason shall not include death or Disability.

Warwick shall provide Scholastic written notice of any event claimed to constitute Good Reason within ninety (90) days after the occurrence of the event, and Scholastic shall have an opportunity to cure any claimed event of Good Reason within thirty (30) days after its receipt of such notice from Warwick. Scholastic shall notify Warwick of the timely cure of any claimed event of Good Reason and the manner in which such cure was effected, and upon receipt of written notice from Warwick of his concurrence that a cure has been effectuated, any notice of termination delivered by Warwick based on such claimed Good Reason shall be deemed withdrawn and shall not be effective to terminate this Agreement. In no instance shall a resignation by Warwick be deemed to be for "Good Reason" if it is made more than six (6) months following the initial occurrence of any of the events that would otherwise constitute "Good Reason" hereunder.

(e) by (i) Scholastic giving notice to Warwick of termination without Cause or (ii) automatically upon the Expiration Date if this Agreement is not renewed at the end of the full Term, which, for purposes of this Agreement, shall be deemed to constitute a termination by Scholastic without Cause.

10. Effect of Termination.

(c) With Cause or Voluntarily by Warwick without Good Reason. If Scholastic terminates this Agreement pursuant to Section 9(c) above or Warwick terminates his employment voluntarily without Good Reason, Scholastic shall have no further obligation to pay Warwick any compensation of any kind other than the Accrued Obligations and (i) in the event of a termination by the Company for Cause, all then outstanding equity awards (whether vested or unvested) shall be forfeited for no consideration or (ii) in the event of a voluntary termination by Warwick without Good Reason, any unvested equity awards shall be forfeited for no consideration and any vested Stock Options shall remain exercisable for a period of ninety (90) days following such termination.

(d) Death or Disability. In the event of the termination of this Agreement pursuant to Section 9(a) or (b) above, Scholastic shall have the obligation to pay Warwick's estate or Warwick, as applicable, any Accrued Obligations. In addition, in the event of the termination of this Agreement due to Warwick's death or Disability, any Pre-Existing Equity, any Stock Options and any RSUs, to the extent then outstanding and unvested, will be fully vested (with any outstanding and unvested Annual Performance-Based RSU Awards vesting at target level attainment) and, in the case of Stock Options, become fully exercisable upon the date of death in the case of death or upon the date of termination for Disability in the case of Disability and Warwick shall also be entitled to receive any amounts payable pursuant to Section l0(d) below.

(e) Termination Without Cause or by Warwick for Good Reason. If Scholastic terminates Warwick's employment without Cause pursuant to Section 9(e), or Warwick terminates his employment with Scholastic for Good Reason pursuant to Section 9(d), and, in either case, the release requirement under Section 10(e) is met, then Scholastic shall pay Warwick, in addition to the Accrued Obligations, the following payments and benefits (collectively, the "Severance Benefits"):

(i) except as otherwise provided in Section 6(b), a cash severance payment equal to the present value (using the then prevailing rate of interest charged to Scholastic by its principal lender as the discount rate) of payment of Warwick's Base Salary through the Expiration Date, such payment to be made in a lump sum as soon as practicable after (and in all events not more than sixty (60) days after) the date of Warwick's Separation from Service; provided, however, that if the 60-day period following Warwick's Separation from Service spans two calendar years, such payment shall be made within such 60-day period but in the second of the two calendar years;

(ii) if Warwick timely elects continued health coverage for himself (and, if applicable his eligible dependents) under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), Scholastic will pay or reimburse Warwick's COBRA premiums for up to eighteen (18) months following his Separation from Service (provided that Scholastic's obligation to make any payment pursuant to this sentence shall cease upon the date Warwick becomes eligible for substantially similar coverage under the health plan of a past or future employer).

(iii) the Pre-Existing Equity, Stock Options and any RSUs, to the extent then outstanding and unvested, will be fully vested (with any outstanding and unvested Annual Performance-Based RSU Awards vesting at target level attainment) and, in the case of Stock Options, become fully exercisable upon the date of Warwick's Separation from Service.

(iv) Warwick shall be entitled to receive any amounts payable pursuant to Section 10(d) below.

(f) Payments of Discretionary Bonus in respect of Partial Years. In the event that Warwick's employment with Scholastic is terminated (i) as a result his death or Disability, (ii) by Scholastic without Cause or (iii) by Warwick for Good Reason, Warwick shall be entitled to receive (x) any Discretionary Bonus accrued (or to be accrued) but unpaid with respect to the last completed fiscal year of the Company preceding the date of his termination of employment, to be paid at the time described in Section 4(d), and (y) an amount equal to Warwick's target Discretionary Bonus for the fiscal year in which his employment termination date occurs, multiplied by a fraction, the numerator of which is the number of full months in the fiscal year in which Warwick's employment is terminated that have elapsed at the employment termination date, and the denominator of which is twelve (12), provided that the performance criteria applicable to Warwick are met based on the good faith determination of the HRCC as to the level of Warwick's contribution to or attainment of the applicable CEO goals for such fiscal year, to be paid at the time described in Section 4(d).

As used in this Agreement, a "Separation from Service" has the meaning set forth in Section 12(d) below.

If Warwick's employment with Scholastic is terminated pursuant to Sections 6(b), 9(a), (b), (d) or (e) above, Warwick shall have no obligation to mitigate and Scholastic shall have no right to offset any income thereafter received by Warwick against Scholastic's payment obligations to him.

(g) Release. Notwithstanding any other provision herein, Warwick's right to receive any severance benefits pursuant to Section 6(b) or Section 10(c) of this Agreement shall be subject to his execution and delivery to Scholastic of a general release of claims in a customary form to be provided by Scholastic not more than twenty-one (21) days (forty-five (45) days if required under applicable law) after the date Scholastic provides the final form of release to Warwick (and Warwick's not revoking such release within any revocation period provided under applicable law). Scholastic shall provide the final form of release agreement to Warwick on the effective date of his Separation from Service.

(h) Resignation from Positions. Following the termination of Warwick's employment for any reason, if and to the extent requested by the Board, Warwick agrees to resign from the Board and all other offices and positions he holds with Scholastic.

11. Public Morals. Warwick shall act at all times with due regard to public morals, conventions and Scholastic policies as applied to other senior executives of Scholastic. If Warwick commits any act, or if Warwick conducts Warwick's behavior in a manner, which shall be an offense involving moral turpitude under federal, state or local laws, or which might tend to bring Warwick to public disrepute, contempt, scandal or ridicule based on a commonly held

standard and to cause material harm to Scholastic, Scholastic shall have the right to terminate this Agreement upon written notice to Warwick given at any time following the date on which the commission of such act, or such conduct, shall have become known to Scholastic pursuant to Section 9(c)(iv) of this Agreement.

12. Section 409A.

(e) The parties intend that this Agreement and the benefits provided hereunder be interpreted and construed to be exempt from or to comply with Internal Revenue Code Section 409A ("Section 409A") to the extent applicable thereto. Notwithstanding any provision of the Agreement to the contrary, the Agreement shall be interpreted and construed consistent with this intent, provided that Scholastic shall not be required to assume any increased economic burden in connection therewith. Although Scholastic intends to administer the Agreement so that it will be exempt from or comply with the requirements of Section 409A, Scholastic does not represent or warrant that the Agreement will be exempt form or comply with Section 409A or any other provision of federal, state, local, or non-United States law. Neither Scholastic, its affiliates, nor their respective directors, officers, employees or advisers shall be liable to Warwick (or any other individual claiming a benefit through Warwick) for any tax, interest, or penalties Warwick may owe as a result of compensation or benefits paid under the Agreement, and Scholastic and its affiliates shall have no obligation to indemnify or otherwise protect Warwick from the obligation to pay any taxes pursuant to Section 409A or otherwise. For purposes of the foregoing, the terms "terminate," "termination/' "termination of employment," and variations thereof, are intended to mean a termination of employment that constitutes a "separation from service" as such term is defined under Section 409A. For purposes of this Agreement each payment described in Sections 6(b), 10(c) and l0(d) shall be treated as a separate payment for purposes of Section 409A.

(f) Notwithstanding any other provision herein, if Warwick is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Warwick's Separation from Service, Warwick shall not be entitled to any payment or benefit that is made upon, or as a result of, Warwick's Separation from Service that does not otherwise qualify for an exemption from the application of Code Section 409A until the earlier of (i) the date which is six (6) months after his Separation from Service for any reason other than death, or (ii) the date of Warwick's death. Any amounts otherwise payable to Warwick upon or in the six (6) month period following Warwick's Separation from Service that are not so paid by reason of this paragraph shall be paid as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after Warwick's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of Warwick's death) and any such payments shall be increased by an amount equal to interest on such payments for the period commencing with the date such payment would have otherwise been made but for this Section 12(b) (the "Original Payment Date") and ending on the date such payment is actually made, at an interest rate equal to the prevailing rate of interest charged to Scholastic by its principal lender in effect as of the Original Payment Date. The provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code.

(g) Any reimbursements by Scholastic to Warwick of any eligible expenses under this Agreement, other than reimbursements that would otherwise be exempt from income or the application of Section 409A, ("Reimbursements") will be made promptly and, in any event, on or before the last day of Warwick's taxable year following his taxable year in which the expense was incurred. The amount of any Reimbursements, and the value of any in-kind benefits to be provided to Warwick under this Agreement, other than in-kind benefits that would otherwise be exempt from income or the application of Section 409A, during any of Warwick's taxable years will not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other of his taxable years, except for any limit on the amount of expenses that may be reimbursed under an arrangement described in Internal Revenue Code Section 105(b). The right to Reimbursements, or in-kind benefits, will not be subject to liquidation or exchange for another benefit.

(h) As used herein, a "Separation from Service" occurs when Warwick dies, retires, or otherwise has a termination of employment with Scholastic that constitutes a "separation from service" within the meaning of Treasury Regulation Section l.409A l(h)(l), without regard to the optional alternative definitions available thereunder.

13. Indemnification. Except with respect to claims resulting from Warwick's willful misconduct or acts outside the scope of his employment hereunder, Warwick shall be defended, indemnified and held harmless by Scholastic (whether during or after the Term) in respect of all claims arising from or in connection with his position or services as an officer of Scholastic to the maximum extent permitted by and in accordance with Scholastic's Certificate of Incorporation, its By Laws and under applicable law (including, without limitation and as applicable, advancement of expenses and attorney's fees), and shall be covered by Scholastic's applicable directors and officers insurance policy, which coverage shall be no less favorable than that accorded any other officer or director of Scholastic.

14. Company Policies. Warwick shall abide by the provisions of all policy statements, employee manuals, codes of ethics, insider trading policies and any conflict of interest policies of Scholastic or adopted by Scholastic from time to time during the Term and furnished to Warwick in writing or of which he has notice.

15. Property of Scholastic. Warwick acknowledges that the relationship between the parties hereunder is exclusively that of employer and employee and that Scholastic's obligations to him are exclusively contractual in nature. Scholastic and/or its affiliates shall be the sole owner or owners of all interests and proceeds of Warwick's services hereunder, including without limitation, all ideas, concepts, formats, suggestions, developments, arrangements, designs, packages, programs, scripts, audio visual materials, promotional materials, photography and other intellectual properties and creative works which Warwick may prepare, create, produce or otherwise develop in connection with and during his employment hereunder, including without limitation, all copyrights and all rights to reproduce, use, authorize others to use and sell such properties or works at any time or place for any purpose, free and clear of any claims by Warwick (or anyone claiming under him) of any kind or character whatsoever (other than Warwick's right to compensation hereunder). Warwick shall have no right in or to such properties or works and shall not use such properties or works for his own benefit or the benefit of any other person. Warwick shall, at the reasonable request of Scholastic, execute such assignments, certificates, applications, filings, instruments or other documents consistent herewith as Scholastic may from time to time reasonably deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, title and interest in or to such properties or works. Notwithstanding anything to the contrary herein, Warwick's personal rolodex shall remain his personal property during the Term of this Agreement and following its expiration or earlier termination.

16. Confidential Information. All memoranda, notes, records and other documents made or compiled by Warwick, or made available to him during his employment with Scholastic concerning the business or affairs of Scholastic or its affiliates, shall be Scholastic's property and shall be delivered to Scholastic on the termination of this Agreement or at any other time on request from Scholastic. Warwick shall keep in confidence and shall not use for himself or others, or divulge to others except in the performance of his duties hereunder, any information concerning the business or affairs of Scholastic or its affiliates which is not otherwise publicly available and which is obtained by Warwick as a result of his employment, including without limitation trade secrets or processes and information reasonably deemed by Scholastic to be proprietary in nature, including without limitation financial information, projections, pub1ication or program or media releases, or plans of Scholastic or its affi1iates, unless disclosure is permitted by Scholastic or required by law or legal process.

17. Right to Use Name. During the term, Scholastic shall have the right to use Warwick's approved biography, name and approved likeness in connection with its business, including in advertising its products and services, but not for use as a direct or indirect endorsement.

18. Miscellaneous.

(i) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York without regard to any principles of conflict of laws that would require the application of the law of another jurisdiction.

(j) Amendments. This Agreement may be amended or modified only by a written instrument executed by each of the parties hereto.

(k) Titles and Headings. Section or other headings contained herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of any of the terms or provisions hereof.

(l) Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and understandings of the parties in connection herewith. Notwithstanding the foregoing, except as expressly set forth herein, the terms and conditions of the agreements that evidence equity-based awards granted by Scholastic to Warwick that are outstanding as of the Effective Date are outside of the scope of the preceding provisions of this Section 18(d) and continue in effect.

(m) Successors and Assigns. This Agreement is binding upon the parties hereto and their respective successors, assigns, heirs and personal representatives. Except as specifically provided herein, neither of the parties hereto may assign the rights and duties of this Agreement or any interest therein, by operation of law or otherwise, without the prior written consent of the other party, except that, without such consent, Scholastic shall assign this Agreement to, and provide for the assumption thereof by, any successor to all or substantially all of its stock, assets and business by dissolution, merger, consolidation, transfer of assets or otherwise.

(n) Jurisdiction. The state and federal courts located in New York County shall have exclusive jurisdiction over any dispute between the parties arising hereunder and the parties hereby submit to said jurisdiction.

19. Limit on Benefits.

(f) Notwithstanding anything contained in this Agreement to the contrary, to the extent that the payments and benefits provided under this Agreement and benefits provided to, or for the benefit of, Warwick under any other Scholastic plan or agreement (such payments or benefits are collectively referred to as the "Payments" for purposes of this Section 20) would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Payments would result in Warwick retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than if Warwick received all of the Payments (such reduced amount is referred to hereinafter as the "Limited Benefit Amount"). In such case, the Payments shall be reduced or eliminated by first reducing or eliminating cash severance payments, then by reducing or eliminating other cash payments, then by reducing or eliminating those payments or benefits which are not payable in cash, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the Determination (as hereinafter defined). Any notice given by Warwick pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Warwick's rights and entitlements to any benefits or compensation.

(g) A determination as to whether the Payments shall be reduced to the Limited Benefit Amount pursuant to this Agreement and the amount of such Limited Benefit Amount shall be made by Scholastic's independent public accountants or another certified public accounting firm of national reputation designated by Scholastic (the "Accounting Firm") at Scholastic's expense. Scholastic and Warwick shall use their reasonable efforts to cause the Accounting Firm to provide its determination (the "Determination"), together with detailed supporting calculations and documentation, to Scholastic and Warwick within five (5) days of the date of termination of Warwick's employment, if applicable, or such other time as requested by Scholastic or Warwick (provided Warwick reasonably believes that any of the Payments may be subject to the Excise Tax), and if the Accounting Firm determines that no Excise Tax is payable by Warwick with respect to any Payments, Scholastic and Warwick shall use their reasonable efforts to cause the Accounting Firm to furnish Warwick with an opinion reasonably acceptable to Warwick that no Excise Tax will be imposed with respect to any such Payments. Unless Warwick provides written notice to Scholastic within thirty (30) days of the delivery of the Determination to Warwick that he disputes such Determination, the Determination shall be binding, final and conclusive upon Scholastic and Warwick.

20. Clawback Provisions Notwithstanding any other provisions in this Agreement to the contrary, any compensation paid to Warwick pursuant to this Agreement or any other agreement or arrangement with Scholastic or any of its affiliates, which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by Scholastic or any of its affiliates pursuant to, but solely to the extent required by, any such law, government regulation or stock exchange listing requirement).

21. Severability. Each section, subsection and lesser portion of this Agreement constitutes a separate and distinct undertaking, covenant and/or provision hereof. In the event that any provision of this Agreement shall finally be determined to be unlawful or unenforceable, such provision shall be deemed to be severed from this Agreement, but every other provision shall remain in full force and effect.

22. Construction. Each party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party on the basis that the party was the drafter.

23. Legal Counsel. In entering this Agreement, the parties represent that they have relied upon the advice of their attorneys, who are attorneys of their own choice, and that the terms of this Agreement have been completely read and explained to them by their attorneys, and that those terms are fully understood and voluntarily accepted by them.

24. Waiver. No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.

25. Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic and facsimile copies of such signed counterparts may be used in lieu of the originals for any purpose.

26. Notices. All notices to be given pursuant to this Agreement shall be effected either by first class mail (postage pre-paid) or personal delivery in writing (with such notice to become effective upon its receipt by the recipient) as follows:

Scholastic:

Scholastic Corporation
557 Broadway
New York, NY 10012
Attention: General Counsel

Warwick:

Peter Warwick
address

w/ copy to:
lawyer

27. Tax Withholding. Notwithstanding anything herein to the contrary, Scholastic may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such federal, state and local income,

employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

[Remainder of page intentionally left blank]

In witness whereof, the parties hereto have executed this Agreement as of the date first above written.

SCHOLASTIC CORPORATION

By:

/s/ Andrew S. Hedden
Name: Andrew S. Hedden
Its: Executive Vice President and General Counsel

/s/ Peter Warwick
Peter Warwick

Exhibit 10.3

FY23 Annual RSU Award

SCHOLASTIC CORPORATION 2021 STOCK INCENTIVE PLAN

Restricted Stock Unit Agreement

Effective as of July 19, 2022 (the “Grant Date”), SCHOLASTIC CORPORATION, a Delaware corporation (the “Company”), hereby grants to Peter Warwick (the “Participant”) an Award consisting of a number of Restricted Stock Units determined as a percentage of the target award of 28,392 Restricted Stock Units (the “Target Award”) in respect of shares of common stock, par value $.01 per share, of the Company (the “Common Stock”) on the terms set forth herein, and in all respects subject to the terms and provisions of the Scholastic Corporation 2011 Stock Incentive Plan (the “Plan”), which terms and provisions are incorporated by reference herein. Unless the context herein otherwise requires, the terms defined in the Plan shall have the same meanings in this Agreement. The award of Restricted Stock Units hereunder is also subject to the terms and conditions of that certain employment agreement effective as of August 1, 2021, between the Company and the Participant (as the same may be amended, the "Employment Agreement") and constitutes the fiscal year 2022 Annual Performance-Based RSU Award (as defined in the Employment Agreement).

1. **Vesting and Payment.**

(a) **Earned Units.** Except as otherwise provided herein, the number of Restricted Stock Units as a percentage of the Target Award that are earned by the Participant (“Earned Units”) will be determined by the Committee based on its determination, in its sole discretion, of the level of attainment of the applicable Performance Goals set forth in Annex A hereto (which Annex A is incorporated by reference and is made part of this Agreement). The Committee's determination shall be made following the end of the Performance Period (defined as the twelve (12) months constituting the fiscal year ending May 31, 2023). The Committee may, in its sole discretion, adjust (upward or downward as the Committee may determine) the Target Award to determine the number of Earned Units to which the Participant may become entitled to hereunder based upon its assessment of the Participant’s individual performance in the context of the Performance Goals as determined by the Committee. No Restricted Stock Units will be earned until the Committee certifies that the Performance Goals have been met and certifies the extent to which they have been met. The maximum number of Earned Units which may be earned hereunder is equal to 150% of the Target Award. All determinations made by the Committee under this Agreement will be final and binding on the Participant.

(b) **Vesting.** Subject to the attainment of the applicable Performance Goals, as determined by the Committee pursuant to Section 1(a) above and subject to Participant having been continuously employed by the Company or any of its Affiliates (including any period during which the Participant is on leave of absence or any other break in employment in accordance with the Company's policies and procedures), any Earned Units awarded under Section 1(a) will become vested upon the Committee's certification as provided above (the “Vesting Date”), except as otherwise provided in Section 2 of this Agreement.

(c) **Payment.** A share of Common Stock shall be distributed with respect to each Earned Unit on the applicable Vesting Date, except as provided in Section 2. Notwithstanding anything to contrary in this Agreement or otherwise, the provisions

regarding accelerated vesting upon Retirement set forth in Section 9.2(b) of the Plan shall not apply to the Restricted Stock Units granted under this Agreement.

2. **Termination of Employment.**

(b) **Death or Disability.** Upon a Termination of Employment as a result of the Participant‘s death or Disability, all outstanding unvested Restricted Stock Units shall immediately vest at target level attainment and a share of Common Stock with respect to each such vested Restricted Stock Unit shall be distributed within fifty-five (55) days following such termination. For purposes of this Agreement, "Disability" shall have the meaning given such term under the Employment Agreement.

(c) **Termination without Cause or Termination by the Participant for Good Reason**. Subject to the requirements of Section 10(e) of the Employment Agreement, in the event the Participant’s Termination of Employment is by the Company without "Cause" or by the Participant voluntarily with "Good Reason," unvested Restricted Stock Units shall immediately vest at target level attainment and a share of Common Stock with respect to each such vested Restricted Stock Unit shall be distributed within fifty-five (55) days following such termination. For purposes of this Agreement, the terms "Cause" and "Good Reason" shall have the meaning given such terms under the Employment Agreement.

(d) **Termination for Cause; Termination by the Participant other than for Good Reason.** In the event the Participant’s Termination of Employment is for "Cause" or if the Participant terminates his employment voluntarily other than for "Good Reason," all unvested Restricted Stock Units shall be immediately forfeited for no consideration.

(e) **Section 409A Award.** Notwithstanding the foregoing, to the extent required by Section 409A of the Code upon a Termination of Employment (other than as a result of death) of the Participant as a result of the Participant being a

Specified Employee, distributions determined, in whole or in part, to constitute a Section 409A Award shall be delayed until six months after such Termination of Employment if such termination constitutes a "separation from service" (within the meaning of Section 409A of the Code) and such distribution shall be made at the beginning of the seventh month following the date of the Participant's Termination of Employment.

(f) **Section 409A Compliance.** No distribution in respect of a Section 409A Award shall be made upon the Participant's Termination of Employment unless such termination constitutes a "separation from service" within the meaning of Section 409A of the Code. This Agreement is intended to comply with Section 409A of the Code and the Company shall construe, interpret and amend the provisions of this Agreement in such manner as the Company deems necessary, in its sole discretion, to comply with Section 409A of the Code with respect to a Section 409A Award but in no event shall the foregoing provisions or any other provision of this Agreement or the Plan be construed as a guarantee by the Company of any particular tax treatment.

3. **Withholding Tax Liability.** In connection with the vesting and payment of the Restricted Stock Units, the Company and the Participant will incur liability for income or withholding tax. The Company shall have the right to withhold from any payment in respect of Restricted Stock Units, transfer of Common Stock, or payment made to the Participant or to any person hereunder, whether such payment is to be made in cash or in Common Stock, all applicable minimum federal, state, city or other taxes as shall be required, in the determination of the Company, pursuant to any statute or governmental regulation or ruling. In its discretion, the Company may satisfy such withholding obligation by any one or combination of the following methods: (i) by requiring the Participant to pay such amount in cash or check; (ii) by deducting such amount from the Participant's current compensation; (iii) by allowing the Participant to surrender other shares of Common Stock of the Company which (a) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Participant for such period (if any) as may be required to avoid a charge to the Company's earnings, and (b) have a fair market value on the date of surrender equal to the amount required to be withheld; (iv) by delivery by the Participant of a properly executed notice together with irrevocable instructions to a broker approved by the Company to sell shares of Common Stock and deliver promptly to the Company the amount of sale or loan proceeds required to pay the amount required to be withheld, or (v) by withholding a number of shares of Common Stock to be issued upon delivery of Common Stock which have a fair market value equal to the minimum statutory amount required to be withheld. For these purposes, the fair market value of the shares to be withheld shall be determined by the Company on the date that the amount of tax to be withheld is to be determined. The Company shall also be authorized to sell any shares of Common Stock to the extent required to satisfy the Company's withholding obligations.

4. **Nontransferability of Restricted Stock Units**. The Restricted Stock Units may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner, whether for value or no value and whether voluntary or involuntary (including by operation of law), other than by will or by the laws of descent and distribution. Subject to the foregoing and the terms of the Plan, the terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

5. **No Enlargement of Rights.** This Agreement is not an agreement of employment. Neither the Plan nor this Agreement shall confer upon the Participant any right to continue as an officer, employee, or consultant of the Company or any Affiliate. Nothing contained in the Plan or this Agreement shall interfere in any way with the rights of the Company or any Affiliate to terminate the employment of the Participant at any time or to modify the Participant's employment or compensation. The Participant shall have only such rights and interests with respect to the Restricted Stock Units as are expressly provided in this Agreement, the Employment Agreement and the Plan.

6. **No Shareholder Rights before Exercise and Issuance.**

(a) **No Shareholder Rights.** No rights as a stockholder shall exist with respect to the Common Stock subject to the Restricted Stock Units as a result of the grant of the Restricted Stock Units, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise specifically provided for in the Plan or in subparagraph 6(b) below. Shareholder rights shall exist only after issuance of stock following the settlement of Earned Units by delivery of Common Stock as provided in the Plan.

(b) **Dividend Equivalents.** Cash dividend equivalents shall be credited to a separate Restricted Stock Unit dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit and adjusted at such time as the number of Earned Units is determined in accordance with this Agreement to apply only to such number of Earned Units. Vested dividend equivalents shall be distributed in cash (or used for tax withholding) to the Participant at the same time a share of Common Stock is distributed with respect to the Earned Unit to which the dividend equivalent relates.

7. **Effect of the Plan on Restricted Stock Unit.** The Restricted Stock Units are subject to, and the Company and the Participant agree to be bound by, all of the terms and conditions of the Plan, as such may be amended from time to time in accordance with the terms thereof. The Participant acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan. Without the consent of the Participant, the Company may amend or modify this Agreement in any manner not inconsistent with the Plan or the Employment Agreement, including without limitation, to change the date or dates as of which a Restricted Stock Unit becomes vested, or to cure any ambiguity, defect or inconsistency, provided such amendment, modification or change does not adversely affect the rights of the Participant.

8. **Entire Agreement.** The terms of this Agreement and the Plan constitute the entire agreement between the Company and the Participant with respect to the subject matter hereof and supersede any and all previous agreements between the Company and the Participant and all prior communications, representations and negotiations in respect thereto. No waiver by any party of any breach by the other of any provision of this Agreement or the Employment Agreement shall be deemed to be a waiver of any other breaches thereof or the waiver of any such or other provision of this Agreement or the Employment Agreement. Subject to the restrictions on assignment and transfer set forth above, this Agreement shall be binding upon and

inure to the benefit of the parties hereto, their estates, personal representatives, successors and assigns. This Agreement may be signed in counterparts.

9. **Severability.** If any provision of this Agreement, or the application of such provision to any person or circumstances, is held invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held valid or unenforceable, shall not be affected thereby.

10. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

11. **Notices.** Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by United States mail, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify): If to the Company, to: Scholastic Corporation, 557 Broadway, New York, New York 10012, Attention: Corporate Secretary. If to the Participant, to the most recent address on file with the Company. Notwithstanding the foregoing, the Company may require that any notice by the Participant be provided electronically or in writing to the Company or to the stock plan administrator pursuant to such procedures as the Company shall establish from time to time in its sole discretion.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

SCHOLASTIC CORPORATION ("Company")

By: /s/ Christina Juvier
Name: Cristina Juvier
Title: Chief People Officer

PETER WARWICK ("Participant")

/s/ Peter Warwick

ANNEX A

Performance Measures for Annual Equity Award

FY 2023

1. Execute on our One Scholastic customer-centric change plan, focusing on implementing continued organizational and culture change initiatives such as introducing change management support on all major projects; creating centers of excellence to increase effectiveness and brand coherence and minimize duplication of effort; and strengthening our philanthropic positioning and communication both internally and externally.

2. Make progress in Education Solutions in building out blended learning solutions with a digital platform and components through organic growth, acquisitions, and partnerships.

3. Grow our direct-to-parent business by developing a parent/family marketing strategy and messaging platform.

4. Build our investor base by greater contact with institutional investors, such as those focused on ESG.

5. Continue to develop the skills and experience of members of the MEC, while working on Board membership and development, and identifying high-potential external executives, all with a view to building a strong and viable succession pipeline.

Exhibit 31.1

I, Peter Warwick, the principal executive officer of Scholastic Corporation, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: September 23, 2022

/s/ Peter Warwick

Peter Warwick
President and Chief Executive Officer

Exhibit 31.2

I, Kenneth J. Cleary, the principal financial officer of Scholastic Corporation, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: September 23, 2022

/s/ Kenneth J. Cleary

Kenneth J. Cleary
Chief Financial Officer

Exhibit 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
with Respect to the Quarterly Report on Form 10-Q
for the Quarter ended August 31, 2022
of Scholastic Corporation

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

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended August 31, 2022 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: September 23, 2022

/s/ Peter Warwick
Peter Warwick
Chief Executive Officer

Date: September 23, 2022

/s/ Kenneth J. Cleary
Kenneth J. Cleary
Chief Financial Officer

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