SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended August 31, 1997

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to________________

Commission File Number: 0-19860

SCHOLASTIC CORPORATION

(Exact name of registrant as specified in its charter)

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

212-343-6100

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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.

[X] Yes [ ] No

APPLICABLE ONLY TO USERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

[ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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 September 30, 1997
Common Stock, $.01 par value	15,379,032
Class A Stock, $.01 par value	828,100

SCHOLASTIC CORPORATION
INDEX TO FORM 10-Q FOR THE QUARTER ENDED AUGUST 31, 1997

PART I - FINANCIAL INFORMATION

SCHOLASTIC CORPORATION
CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
(Unaudited)
(Amounts in millions except per share data)

	Three Months Ended August 31, 1997	Three Months Ended August 31, 1996
Revenues	$ 166.6	$ 158.6
Operating costs and expenses:		
Cost of goods sold	95.5	93.7
Selling, general and administrative expenses	82.3	80.6
Intangible amortization and depreciation	5.0	3.5
Total operating costs and expenses	182.8	177.8
Operating loss	(16.2)	(19.2)
Interest expense, net	5.1	3.4
Loss before benefit for income taxes	(21.3)	(22.6)
Benefit for income taxes	8.1	8.6
Net loss	$ (13.2)	$ (14.0)
Net loss per share	$ (0.81)	$ (0.88)
Weighted average shares outstanding	16.2	15.9

SEE ACCOMPANYING NOTES

SCHOLASTIC CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEET
(Amounts in millions)

	August 31, 1997 (Unaudited)	May 31, 1997	August 31, 1996 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1.4	$ 4.9	$ 1.1
Accounts receivable less allowance for doubtful accounts	117.1	100.5	123.3
Inventories:			
Paper	10.7	8.1	17.1
Books and other	252.5	213.9	225.9
Deferred taxes	36.5	30.2	30.8
Prepaid and other deferred expenses	34.3	38.7	18.4
Total current assets	452.5	396.3	416.6
Property, plant and equipment, net	132.2	134.0	116.0
Prepublication costs	99.7	102.1	103.1
Goodwill and trademarks	66.5	67.8	41.2
Royalty advances	47.6	43.4	26.1
Other assets and deferred charges	43.1	40.8	39.3
	$ 841.6	$ 784.4	$ 742.3
LIABILITIES & STOCKHOLDERS' EQUITY			
Current liabilities:			
Lines of credit	$ 10.6	$ 5.0	$ 24.8
Accounts payable	97.9	74.2	70.2
Accrued royalties	19.4	12.2	28.5
Deferred revenue	15.7	9.0	13.8
Other current liabilities	56.5	80.2	56.8
Total current liabilities	200.1	180.6	194.1
Noncurrent liabilities:			
Long-term debt	341.0	287.9	248.8
Other noncurrent liabilities	18.0	18.4	23.8
Total noncurrent liabilities	359.0	306.3	272.6
Commitments and Contingencies	--	--	--
Stockholders' equity:			
Class A Stock, $.01 par value	0.0	0.0	0.0
Common Stock, $.01 par value	0.2	0.2	0.2
Additional paid-in capital	203.8	203.8	195.9
Accumulated earnings	117.8	131.0	116.5
Less shares held in treasury	(36.8)	(36.8)	(36.8)
Foreign currency translation adjustment	(2.5)	(0.7)	(0.2)
Total stockholders' equity	282.5	297.5	275.6
	$ 841.6	$ 784.4	$ 742.3

SEE ACCOMPANYING NOTES

SCHOLASTIC CORPORATION
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)
(Amounts in thousands)

	Three Months Ended	
	August 31, 1997	August 31, 1996
Net cash used in operating activities	$(42.9)	$(52.1)
Cash flows from investing activities:		
Royalty advances paid	(6.7)	(3.9)
Prepublication cost expenditures	(5.5)	(4.8)
Production cost expenditures	(3.5)	(3.6)
Additions to property, plant and equipment	(2.5)	(4.7)
Other, net	(1.2)	(0.8)
Net cash used in investing activities	(19.4)	(17.8)
Cash flows from financing activities:		
Borrowings under loan agreement and revolver	100.2	112.1
Principal paydowns on loan agreement and revolver	(47.3)	(50.2)
Borrowings under lines of credit	12.5	9.2
Principal paydowns on lines of credit	(6.6)	(5.5)
Other, net	0.0	1.1
Net cash provided by financing activities	58.8	66.7
Effects of exchange rate changes on cash	0.0	0.0
Decrease in cash and cash equivalents	(3.5)	(3.2)
Cash and cash equivalents at beginning of period	4.9	4.3
Cash and cash equivalents at end of period	$ 1.4	$ 1.1
Supplemental information:		
Income taxes paid	$ 0.7	$ 0.9
Interest paid	$ 8.1	$ 4.1

SEE ACCOMPANYING NOTES

SCHOLASTIC CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying consolidated condensed financial statements have not been audited, but reflect those adjustments consisting of normal recurring items which management considers necessary for a fair presentation of financial position, results of operations and cash flow. These financial statements should be read in conjunction with the consolidated financial statements and related notes in the 1997 Annual Report to shareholders.

Scholastic Corporation, together with its subsidiaries and affiliates (the "Company") is among the leading publishers and distributors of children's books, classroom and professional magazines and other educational materials. The Company distributes most of its products directly to children and teachers in elementary and secondary schools and as a result its business cycle is closely correlated to the normal school year. The results of operations for the three months ended August 31, 1997 and 1996 are not indicative of the results expected for the full year. Due to the seasonal fluctuations that occur, the prior year's August 31 balance sheet is included for comparative purposes.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates and assumptions. Significant estimates that affect the financial statements include, but are not limited to, book returns, recoverability of inventory, recoverability of advances to authors, amortization periods, recoverability of prepublication costs and litigation reserves.

2. LONG TERM DEBT

The Company has a loan agreement (the "Loan Agreement") with certain banks which provides for revolving credit loans and letters of credit in the amount of $135.0 million, with a right, in certain circumstances, to increase such amount to $160.0 million. The Loan Agreement expires on May 31, 2000. At August 31, 1997, the amount available of $135.0 million was reduced by letters of credit outstanding in the amount of $1.0 million, and the aggregate amount of borrowings was $85.0 million.

The Company has a Revolving Loan Agreement (the "Revolver") with Sun Bank, National Association, which provides for revolving credit loans in an aggregate principal amount of up to $35.0 million. At August 31, 1997, the aggregate amount of borrowings was $17.5 million.

On December 23, 1996, the Company issued $125.0 million of 7% Notes due 2003 (the "Notes"). The Notes are unsecured and unsubordinated obligations of the Company and will mature on December 15, 2003. The Notes are not redeemable prior to maturity. Interest on the Notes is payable semi-annually on December 15 and June 15 of each year. The proceeds (including accrued interest) from the issuance of the Notes were $123.9 after deducting an underwriting discount and other related offering costs. The Company utilized the net proceeds primarily to repay amounts outstanding under the Loan Agreement and the Revolver.

On August 18, 1995, the Company sold $110.0 million of 5.0% Convertible Subordinated Debentures due August 15, 2005 (the "Debentures") under Regulation S and Rule 144A of the Securities Act of 1933. The Debentures are listed on the Luxembourg Stock Exchange and the portion sold under Rule 144A is designated for trading in the Portal system of the National Association of Securities Dealers, Inc. Interest on the Debentures is payable semi-annually on August 15 and February 15 of each year. The Debentures are redeemable at the option of the Company, in whole, but not in part, at any time on or after August 15, 1998 at 100% of the principal amount plus accrued interest. Each Debenture is convertible, at the holder's option, any time prior to maturity, into Common Stock of the Company at a conversion price of $76.86 per share.

3. CONTINGENCIES

The Company and certain officers have been named as defendants in litigation which alleges, among other things, violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and rule 10b-5 thereunder, resulting from purportedly materially false and misleading statements to the investing public concerning the financial condition of the Company. The litigation is in the early stages and the Company believes that such litigation is without merit and plans to vigorously defend against it.

The Company is also engaged in various legal proceedings incident to its normal business activities. In the opinion of the Company, none of such proceedings is material to the consolidated financial position of the Company.

SCHOLASTIC CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Revenues for the quarter ended August 31, 1997 increased from $158.6 million to $166.6 million, or 5%, versus the comparable quarter of the prior year. Revenues improved primarily due to a $6.8 million, or 6%, increase in domestic book publishing, resulting from strong sales of Scholastic's instructional publishing reading program, SCHOLASTIC LITERACY PLACE(R), combined with increased sales of new trade publishing properties, including ANIMORPHS(TM), DEAR AMERICA(TM), and SCHOLASTIC CHILDREN'S DICTIONARY(TM), which offset a decrease in domestic GOOSEBUMPS(R) sales. International revenues increased by 11% versus the comparable quarter last year. This increase is attributed to strong growth in the United Kingdom, including improved trade sales and additional revenues from the Red House acquisition in January 1997.

As a percentage of revenue, cost of goods sold decreased from 59.1% to 57.3% compared to the prior year first quarter. The decrease in cost of goods sold as a percentage of revenue is due to a change in product mix, lower paper, printing and binding costs due to market conditions and improved purchasing terms as well as modifying product specifications to lower costs. Selling, general and administrative expenses as a percentage of revenue decreased modestly versus the prior year.

The operating loss for the quarter ended August 31, 1997 decreased 16% from a loss of $19.2 million in the prior fiscal year to a loss of $16.2 million in this fiscal year. The net loss for the quarter ended August 31, 1997 was $13.2 million, or $0.81 net loss per share, versus $14.0 million, or $0.88 net loss per share, in the comparable quarter in the prior year. Scholastic's first quarter is traditionally a loss period due to significantly lower revenues from the Company's school-based book club, book fair and classroom magazine businesses, which operate at a substantially lower level during the summer months and incur a higher level of operating expenses as a percentage of revenue.

LIQUIDITY AND CAPITAL RESOURCES

The decreases in the Company's cash and cash equivalents were comparable during the first quarter of fiscal 1998 and 1997. During the first quarter of each of these fiscal years, cash provided by financing activities funded operating and investing activities.

For the first quarter of fiscal 1998 and 1997, net cash provided by financing activities was $58.8 million and $66.7 million, respectively. Financing activities primarily consisted of borrowings and paydowns under the Loan Agreement and the Revolver. Borrowings under the Loan Agreement and the Revolver, as well as the issuance of the Notes and the Debentures have been a primary source of the Company's liquidity. In the three months of June, July and August, the Company experiences negative cash flows due to the seasonality of the business, and as a consequence its borrowings increase during these months.

Cash used in investing activities was $19.4 million and $17.8 million for the first quarter of fiscal 1998 and 1997, respectively. Investing activities primarily consist of royalty advances, prepublication and production cost expenditures, and payments for capital expenditures. Royalty advances increased $2.8 million to $6.7 million in the first quarter of fiscal 1998 versus $3.9 million in the first quarter of fiscal 1997. This increase reflects primarily the impact of an extension of the agreement to publish GOOSEBUMPS. Capital expenditures decreased $2.2 million from $4.7 million to $2.5 million for the first quarter of fiscal 1998. Cash used in prepublication expenditures increased modestly from the first quarter of fiscal 1997.

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

RECENT ACCOUNTING PRINCIPLES

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings per Share." This statement specifies the computation, presentation and disclosure requirements for earnings per share for entities with publicly held common stock or potential common stock. The Company is required to adopt the provisions of SFAS 128 for the quarter ended February 28, 1998. The principal differences between the provisions of SFAS 128 and previous authoritative pronouncements are related to the exclusion of common stock equivalents in the determination of basic earnings per share and the market price at which common stock equivalents are calculated in the determination of diluted earnings per share. In accordance with the provisions of SFAS 128, both basic and diluted earnings per share are $(0.81) at August 31, 1997 and $(0.88) at August 31, 1996.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, (SFAS 130), "Reporting Comprehensive Income." This statement establishes the standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. The Company is required to adopt the provisions of SFAS 130 for fiscal 1999.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosure about Segments of an Enterprise and Related Information." This statement requires that public business enterprises report certain information about operating segments, their products and services, the geographic areas in which they operate and their major customers. The Company is required to adopt the provisions of SFAS 128 for the quarter ended February 28, 1998 and does not expect the adoption of SFAS 131 to have a material effect on its Results of Operations.

PART II - OTHER INFORMATION

Items 1, 2, 3, 4 and 5.

These items, which would be answered in the negative, have been omitted.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit Number	Description of Document
3	(a) Amended and Restated Certificate of Incorporation of the Registrant. (1)
	(b) By-laws of the Registrant. (2)
4	(a) Amended and Restated Loan Agreement dated April 11, 1995 among the Registrant and Citibank, N.A., as agent, Marine Midland Bank, Chase Manhattan Bank, N.A., The First National Bank of Boston and United Jersey Bank. (3)
	(b) Amendment to the Amended and Restated Loan Agreement dated May 1, 1996. (4)
	(c) Amendment to the Amended and Restated Loan Agreement dated May 28, 1997. (5)
	(d) Revolving Loan Agreement dated June 19, 1995 between the Registrant and Sun Bank, National Association, as amended August 14, 1996 and May 30, 1997. (6)
	(e) Overdraft Facility dated June 1, 1992, as amended on October 30, 1995 between Scholastic Canada Ltd. and CIBC. (6)
	(f) Overdraft Facility dated June 24, 1993 between Scholastic Ltd. (formerly known as Scholastic Publications Ltd.) and Citibank, N.A. (6)
	(g) Overdraft Facility dated May 14, 1992 as amended on June 30 1995, between Scholastic Ltd. (formerly known as Scholastic Publications Ltd.) and Midland Bank. (6)
	(h) Overdraft Facility dated February 12, 1993, as amended on January 31, 1995 between Scholastic Australia Pty. Ltd. (formerly known as Ashton Scholastic Pty. Ltd.) and National Australia Bank Ltd. (6)
	(i) Overdraft Facility dated April 20, 1993 between Scholastic New Zealand Ltd., (formerly Ashton Scholastic Ltd.) and ANZ Banking Group Ltd. (6)
	(j) Indenture dated August 15, 1995, relating to $110 million of 5% Convertible Subordinated Debentures due August 15, 2005 issued by the Registrant. (7)
	(k) Indenture dated December 15, 1996, relating to $125 million of 7% Notes due December 15, 2003 issued by the Registrant. (8)

(b) Reports on Form 8-K.
- None.

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Footnotes:

(1) Incorporated by reference to the Company's Registration Statement on Form S-8 (Registration No. 33-46338) as filed with the Commission on March 12, 1992.

(2) Incorporated by reference to the Company's Registration Statement on Form S-1(Registration No. 33-45022) as filed with the Commission on January 10, 1992 (the "1992 Registration Statement").

(3) Incorporated by reference to the Company's Form 10-Q for the quarter ended February 28, 1995 as filed with the Commission on April 13, 1995 (File No. 0-19860).

(4) Incorporated by reference to the Company's Annual Report on Form 10-K as filed with the Commission on August 28, 1996 (File No. 0-19860).

(5) Incorporated by reference to the Company's Annual Report on Form 10-K as filed with the Commission on August 26, 1997 (File No. 0-19860).

(6) Such long-term debt does not individually amount to more than 10% of the total assets of the subsidiaries on a Registrant and its consolidated basis. Accordingly, pursuant to Item 601(b)(4)(iii) of Regulation S-K, such instrument is not filed herewith. The Registrant hereby agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

(7) Incorporated by reference to the Company's Form 10-Q as filed with the Commission on August 28, 1995 (File No. 0-19860).

(8) Incorporated by reference to the Company's Registration Statement on Form S-3 (Registration No. 333-17365) as filed with the Commission on December 11, 1996.

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: October 15, 1997

/s/ Richard Robinson

Chairman of the Board,
President, Chief Executive
Officer and Director

Date: October 15, 1997

/s/ Kevin J. McEnery

Executive Vice President and
Chief Financial Officer

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1,000

3-MOS
May-31-1998
Aug-31-1997
1,384
0
125,995
8,903
263,228
452,509
178,602
46,435
841,551
200,137
234,712
175
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(13,194)
(0.81)
(0.81)