

EDUCATIONAL DEVELOPMENT CORP

Form DEF 14A

June 24, 2005

Table of Contents

OMB APPROVAL

OMB Number:	3235-0059
Expires:	February 28, 2006
Estimated average burden	
hours per response	12.75

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Educational Development Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

Edgar Filing: EDUCATIONAL DEVELOPMENT CORP - Form DEF 14A

5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

SEC 1913 (02-02)

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table of Contents

Notice of Annual Meeting
and Proxy Statement

Annual Meeting of Shareholders
Tuesday, August 9, 2005

Table of Contents

EDUCATIONAL DEVELOPMENT CORPORATION
10302 East 55th Place
Tulsa, Oklahoma 74146
(918) 622-4522

NOTICE OF 2005 ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE: 10:00 a.m. on August 9, 2005

PLACE: Sheraton Tulsa
10918 East 41st Street
Tulsa, Oklahoma

ITEMS OF BUSINESS: (1) To elect one Class I director
(2) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

WHO CAN VOTE: You are entitled to vote if you were a stockholder of record at the close of business on the record date, June 7, 2005.

VOTING BY PROXY: Please submit a proxy as soon as possible so that your shares of our common stock can be voted at the Annual Meeting in accordance with your instructions. For specific instructions on voting, please refer to the instructions on the enclosed proxy card.

2005 ANNUAL REPORT: A copy of our fiscal year 2005 Annual Report is enclosed.

DATE OF MAILING: This notice, the attached Proxy Statement, the accompanying proxy card and our 2005 Annual Report are first being mailed to stockholders on or about June 30, 2005.

By Order of the Board of Directors

Randall W. White,
Chairman of the Board and President

Tulsa, Oklahoma
June 30, 2005

Table of Contents

EDUCATIONAL DEVELOPMENT CORPORATION
10302 East 55th Place
Tulsa, Oklahoma 74146

June 30, 2005

To The Stockholders of Educational Development Corporation:

You are cordially invited to attend the 2005 annual meeting of stockholders of Educational Development Corporation on Tuesday, August 9, 2005 at the Sheraton Tulsa, 10918 East 41st Street, Tulsa, Oklahoma, commencing at 10:00 a.m., Central time.

The notice of the annual meeting and proxy statement accompanying this letter provide information concerning matters to be considered and acted upon at the annual meeting. During the annual meeting we will provide a report on our operations, followed by a time for questions and answers.

Whether or not you plan to attend the annual meeting, we encourage you to sign and return the enclosed proxy card as promptly as possible in the enclosed postage paid envelope so that your shares are represented at the meeting. Regardless of the number of shares you own, your vote is important.

Thank you for your continued interest and support.

Sincerely,

Randall W. White
Chairman of the Board and President

Enclosures

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS	
<u>QUESTIONS AND ANSWERS</u>	2-4
<u>VOTING SECURITIES</u>	4
<u>PROPOSAL FOR ACTION AT THE ANNUAL MEETING</u>	5-6
<u>BOARD OF DIRECTORS</u>	6-9
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	9-10
<u>BENEFICIAL OWNERSHIP REPORTING COMPLIANCE SECTION 16(A)</u>	10
<u>EXECUTIVE COMPENSATION</u>	10
<u>EMPLOYMENT CONTRACTS</u>	10
<u>COMPENSATION COMMITTEE REPORT</u>	10-11
<u>OPTION EXERCISES</u>	11
<u>COMPENSATION PLANS</u>	12
<u>REPORT OF THE AUDIT COMMITTEE</u>	12
STOCK PERFORMANCE CHART	13
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS</u>	14

<u>STOCKHOLDER PROPOSALS</u>	15
<u>ANNUAL REPORT AND FORM 10-K</u>	15
<u>OTHER MATTERS</u>	15

Table of Contents

QUESTIONS AND ANSWERS

WHO MAY ATTEND THE ANNUAL MEETING?

All stockholders who held shares of our common stock on June 7, 2005 may attend. If your stock is held in the name of a broker, bank, or other holder of record, often referred to as in street name, just bring a copy of your brokerage account statement or a proxy card which you can get from your broker, bank, or other holder of record of your stock.

WHAT IS A PROXY?

A proxy is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. Randall W. White and W. Curtis Fossett have been designated by the Company as proxies for the 2005 Annual Meeting of Stockholders.

WHO CAN VOTE AT THE MEETING?

The record date for the 2005 Annual Meeting of Stockholders is June 7, 2005. The record date was established by our Board of Directors. Stockholders of record at the close of business on the record date are entitled to:

- (a) receive notice of the meeting; and
- (b) vote at the meeting and any adjournments or postponements of the meeting.

On the record date, 3,738,133 shares of our common stock were outstanding. Each stockholder is entitled to one vote for each share of common stock held on the record date, except that cumulative voting is authorized with respect to the election of directors, as further described under Voting Securities, in this Proxy Statement.

HOW DO I VOTE?

You may vote in person at the meeting or you may appoint a proxy, by mail, to vote your shares. If you return a signed card but do not provide voting instructions, your shares will be voted FOR the proposal to be voted on at the meeting.

WHAT ARE THE DIFFERENT METHODS THAT I CAN USE TO VOTE MY SHARES OF COMMON STOCK?

- (a) *By Written Proxy*: Stockholders of record can vote by marking, signing, and timely returning the enclosed proxy card. Street name or beneficial holders must follow the directions provided by their broker, bank, or other nominee in order to direct such broker, bank, or nominee how to vote.
- (b) *In Person*: All stockholders may vote in person at the meeting. Street names or beneficial holders must obtain a legal proxy from their broker, bank, or nominee prior to the meeting in order to vote in person.

HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?

A majority of our outstanding shares of common stock, as of the record date, must be present at the annual meeting in order to hold the annual meeting and conduct business. This is called a quorum. Shares of our common stock are counted as present at the annual meeting if the holder of such shares:

(a) is present and votes in person at the annual meeting; or

(b) has properly submitted a proxy card.

HOW ARE ABSTENTIONS COUNTED?

Abstentions are counted as present for the purpose of determining the presence of a quorum.

Table of Contents

HOW DO I REVOKE MY PROXY?

You have the right to revoke your proxy at any time before the meeting by :

- (1) notifying our corporate secretary in writing;
- (2) returning a later-dated proxy card; or
- (3) voting in person.

WILL MY STOCK BE VOTED IF I DO NOT PROVIDE MY PROXY?

Your stock may be voted if it is held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under the rules of The NASDAQ Stock Market, Inc., or NASDAQ, to vote stock for which their customers do not provide voting instructions on certain routine matters. We believe that the uncontested election of directors is considered a routine matter for which brokerage firms may vote stock that is held in the name of brokerage firms but does not have voting instructions from you.

WHAT IF A STOCKHOLDER DOES NOT SPECIFY A CHOICE FOR A MATTER WHEN RETURNING A PROXY?

Stockholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, proxies that are signed and returned will be voted FOR the election of all director nominees.

WHAT HAPPENS IF I DON T VOTE?

If you do not return your proxy, or vote in person or through a firm, your non-vote will have no effect on the outcome.

WILL ADDITIONAL PROPOSALS BE PRESENTED, OTHER THAN THOSE INCLUDED IN THIS PROXY STATEMENT?

We know of no matters to be presented at the annual meeting other than those included in this notice. By signing the proxy card you are also giving authority to the persons named on the proxy card to take action on additional matters that may properly come before the annual meeting. Should any other matter requiring a vote of stockholders arise, the persons named in the accompanying proxy card will vote according to their best judgment.

HOW MANY VOTES ARE NEEDED TO APPROVE OUR PROPOSALS?

The affirmative vote of a plurality of the shares of common stock present in person or by proxy and entitled to vote is required for the election of a director. However, other matters that may properly come before the annual meeting may require a majority or more than a majority vote under our By-laws, the laws of the state of Delaware, our Amended and Restated Certificate of Incorporation, or other applicable laws.

WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?

If your shares are registered differently and are in more than one account, you will receive more than one proxy card and proxy statement. Please sign and return all proxy cards to ensure that all your shares of common stock are voted. We encourage you to have all accounts registered in the same name and address whenever possible.

Table of Contents

WHAT IF ONLY ONE COPY OF THESE PROXY MATERIALS WAS DELIVERED TO MULTIPLE STOCKHOLDERS WHO SHARE A SINGLE ADDRESS?

In some cases, only one copy of this Proxy Statement is being delivered to multiple stockholders sharing an address unless we have received contrary instructions from one or more of the stockholders. We will deliver promptly, upon written or oral request, a separate copy of this Proxy Statement and the accompanying 2005 Annual Report to a stockholder at a shared address to which a single copy of the document was delivered. To request a separate delivery of these materials now or in the future, a stockholder may submit a written request to Corporate Secretary, Educational Development Corporation, 10302 E. 55th Place, Tulsa, OK 74146 or an oral request by telephone at (918) 622-4522. Additionally, any stockholders who are presently sharing an address and receiving multiple copies of either the Proxy Statement or the 2005 Annual Report and who would rather receive a single copy of such materials may instruct us accordingly by directing their request to us in the manner provided above.

WHO BEARS THE COST OF THIS SOLICITATION?

This accompanying proxy is being solicited by and on behalf of our Board of Directors. We will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. In addition, we may reimburse banks, brokerage firms, and other custodians, nominees, and fiduciaries representing beneficial owners of shares of our common stock for their expenses in forwarding solicitation materials to such beneficial owners. In addition to sending you these materials, some of our directors, officers and employees may contact you personally or by mail, telephone, facsimile, email or other means of communication (electronic or otherwise). No additional compensation will be paid for such services but out-of-pocket expenses may be reimbursed.

WHAT IS THE DIFFERENCE BETWEEN HOLDING STOCK AS A STOCKHOLDER OF RECORD AND HOLDING STOCK AS BENEFICIAL OWNER (OR IN STREET NAME)?

Most stockholders are considered the beneficial owners of their stock, that is, they hold their stock through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between stock held of record and stock owned beneficially or in street name.

(a) *Stockholder of Record*: If your stock is registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to that stock and proxy materials are sent directly to you by us. As our stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the annual meeting. We have enclosed a proxy card for your vote.

(b) *Beneficial Owner*: If your stock is held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank, or nominee (who is considered the stockholder of record with respect to those shares). As the beneficial owner, you have the right to direct your broker, bank, or nominee on how to vote if you follow the instructions you receive from your broker, bank, or nominee. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the annual meeting, unless you request, complete, and deliver the proper documentation provided by your broker, bank or nominee and bring it with you to the meeting.

VOTING SECURITIES

Our \$.20 par value common stock is the only class of capital stock authorized by its Amended and Restated Certificate of Incorporation. The number of shares of our common stock which may be voted at the meeting or any adjournment

thereof is 3,738,133 shares *[see comment above about the number of outstanding shares]*, which was the number of shares outstanding as of June 7, 2005, the record date. Each stockholder is entitled to one vote for each share of our common stock held, except that cumulative voting is authorized with respect to the election of directors. In other words, solely for the purpose of electing directors, each share of our common stock will entitle the holder thereof to a number of votes equal to the number of directors being elected and each stockholder may cast all of his votes for a single nominee, or may distribute them among any two or more nominees. Votes will be tabulated by an inspector of election appointed by our Board of Directors.

Table of Contents

PROPOSAL FOR ACTION AT THE ANNUAL MEETING

**Proposal One:
Election of Directors**

Our Amended and Restated Certificate of Incorporation and By-laws provide that the Board of Directors shall consist of three to fifteen directors, the exact number of which is determined by resolution of the Board of Directors or by the shareholders at the annual meeting. The Board of Directors has adopted a resolution establishing five (5) as the number of directors of the Company.

Our Amended and Restated Certificate of Incorporation and By-laws provide that the Board of Directors shall be divided into three classes, each consisting of as close to one-third of the total directors as possible. Each class of directors serves a three-year term expiring at the Annual Meeting of Stockholders in the year listed in the table below:

Class I (2005)
James F. Lewis

Class II (2006)
Robert D. Berryhill
G. Dean Cosgrove

Class III (2007)
John A. Clerico
Randall W. White

Based on the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors has nominated James F. Lewis for election as Class I director, to serve a three-year term to expire at the Annual Meeting of Stockholders in 2008, or until a successor is duly elected and qualified. Mr. Lewis is currently serving as a director and has consented to serve for a new term.

Directors in Class II and Class III are not being re-elected this year and will continue in office for the remainder of their terms, as described above, unless such directors resign or their service as directors otherwise ceases in accordance with our Amended and Restated Certificate of Incorporation and By-laws.

The persons named in the accompanying proxy card intend to vote such proxy in favor of the election of the nominee named below, who is currently a director, unless authority to vote for the director is withheld in the proxy. Although the Board of Directors has no reason to believe that the nominee will be unable to serve as a director, if a nominee withdraws or otherwise becomes unavailable to serve, the persons named as proxies will vote for any substitute nominee designated by the Board of Directors, unless contrary instructions are given on the proxy.

The affirmative vote of a plurality of the shares of our common stock present in person or by proxy at the meeting and entitled to vote is required for the election of directors. Proxies for which authority to vote for the nominee is withheld and broker non-votes will be tabulated for the purpose of computing the number of shares of our common stock present for purposes of determining the presence of a quorum for the meeting. They will have no effect on the outcome of the election of the directors.

Set forth below is certain information with respect to the nominee for election as a director and each continuing director. Our Board of Directors unanimously recommends a vote FOR the nominee.

NOMINEE

Name and Business Experience	Age	Class	Director Since
James F. Lewis	63	I	1992

Mr. Lewis is the retired owner and CEO of The Lewis Companies, a major Oklahoma construction company. He held that position for thirty years until his retirement in 2001.

Table of Contents**CONTINUING DIRECTORS**

Name and Business Experience	Age	Class	Director Since
Robert D. Berryhill	59	II	1986

Private Investor since 1992. Vice Chairman of the Board of EDC since October 1986.

John A. Clerico	63	III	2004
------------------------	-----------	------------	-------------

Co-founder and Chairman of ChartMark Investments, Inc., an investment management firm, since 2000. He was Executive Vice President and Chief Financial Officer of Praxair, Inc., a major industrial gas company, from 1992 until 2000.

G. Dean Cosgrove	71	II	1986
-------------------------	-----------	-----------	-------------

Retired Financial Vice President and Treasurer of Mapco Inc., Tulsa, Oklahoma, an energy company (which has been merged into The Williams Companies, Inc.), where he served from May 1984 until July 1985, and served as Vice President and Treasurer thereof from January 1981 until May 1984.

Randall W. White	63	III	1984
-------------------------	-----------	------------	-------------

Chairman of the Board of EDC since September 1986, President of EDC since January 1986, and Treasurer of EDC from February 1984. From February 1980 until joining EDC in January 1983, Mr. White served as the Chief Financial Officer of Nicor Drilling Company, Tulsa, Oklahoma, an oil and gas drilling company.

BOARD OF DIRECTORS**BOARD RESPONSIBILITIES**

Our Board of Directors, which is elected by our stockholders, is responsible for directing and overseeing the business and affairs of the Company. In carrying out its responsibilities, the Board of Directors selects and monitors the top management of the Company, provides oversight of our financial reporting processes and determines and implements our governance policies.

CORPORATE GOVERNANCE

The primary goal of our Board is to maximize stockholder value over the long term. Our Board of Directors and management are committed to good corporate governance to ensure that the Company is managed for the long-term benefit of our stockholders. During the past year, our Board of Directors and management have reviewed and updated our corporate governance policies and practices. Our corporate governance policies and practices are in accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and listing standards issued by the Securities and Exchange Commission, or the SEC, and NASDAQ.

We have in place a variety of policies and practices to promote good corporate governance. Consistent with our Corporate Governance Guidelines, the majority of our Board of Directors is independent in accordance with the rules of NASDAQ and all members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee also meet the NASDAQ guidelines for independence. The Compensation Committee, which evaluates our CEO's performance in light of corporate goals and objectives, approves the compensation of the CEO.

The Nominating and Corporate Governance Committee of our Board of Directors is responsible for reviewing the Corporate Governance Guidelines periodically and reporting and making recommendations to the Board concerning corporate governance matters. Among the matters addressed by the Corporate Governance Guidelines are:

Table of Contents

s Director Independence - Independent directors shall constitute at least a majority of our Board of Directors.

s Monitoring Board Effectiveness - The Corporate Governance Guidelines require that the Board, led by the Nominating and Corporate Governance Committee, conduct an annual self-evaluation of the functioning of the Board and the Board committees.

s Executive Sessions of Independent Directors - The non-employee directors regularly meet without management present.

s Board Access to Independent Advisors - Our Board of Directors as a whole, and each of its committees separately, have authority to retain such independent consultants, counselors or advisors to the Board or its committees as each shall deem necessary or appropriate.

s Board Committees - All members of the Audit, Compensation, and Nominating and Corporate Governance Committees are required to be independent in accordance with NASDAQ Rules.

Copies of our Corporate Governance Guidelines, Code of Conduct and Ethics and Committee charters can be found on our website at <http://www.edcpub.com>.

MEETINGS OF THE BOARD OF DIRECTORS

Our Board of Directors held five regular meetings during fiscal year 2005. Each director attended at least 75% of the meetings of the Board of Directors and the Board committees on which he served in fiscal year 2005. Under our Corporate Governance Guidelines, directors are expected to be active and engaged in discharging their duties and to keep themselves informed about the business and operations of the Company. Although we have no formal policy, directors are expected to make every effort to attend the annual meeting of stockholders. Last year, four of our directors attended our annual meeting.

CODE OF BUSINESS CONDUCT AND ETHICS

We have a Code of Conduct and Ethics that applies to all of our directors, officers and employees, including our chief executive officer and principal accounting officer. During fiscal year 2005, no waivers were granted to any provision of the Code of Conduct and Ethics. A copy of our Code of Conduct and Ethics is available on our Internet website at <http://www.edcpub.com>.

INDEPENDENCE OF DIRECTORS

The Board of Directors has determined that each of Robert D. Berryhill, John A. Clerico, G Dean Cosgrove and James F. Lewis is independent within the meaning of Rule 4200(a)(15) of the NASDAQ listing standards. A copy of our Director Independence Standards is available our Internet website at <http://www.edcpub.com>.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

You may communicate with our directors, individually or as a group, by writing to Board of Directors, Educational Development Corporation, 10302 East 55th Place, Tulsa, Oklahoma 74146. All such communications will be forwarded to the relevant director(s), except for solicitations or other matters not related to the Company.

Table of Contents

NOMINATION PROCESS

The members of the Nominating and Corporate Governance Committee (the Committee), other than incumbent director nominees, discuss the qualifications of the director nominees and the needs of the Company. The Committee will consider nominees recommended by our directors, officers and stockholders. In evaluating director candidates, the Committee considers factors that are in the best interests of the Company and its stockholders, including, but not limited to, the knowledge, experience, integrity and judgment of possible candidates for nomination as directors; the potential contribution of each candidate to the diversity of backgrounds, experience and competencies which the Committee desires to have represented on the Board of Directors, including familiarity with and experience in our specific industry; the NASDAQ's requirements for directors, including any applicable independence standards and other qualifications and experience; each candidate's ability to devote sufficient time and effort to his or her duties as a director of the Company and, where applicable, prior service as a director of the Company. There are, however, no stated minimum criteria for director nominees. The Committee recommends candidates to the Board of Directors for election at the annual meeting of stockholders.

STOCKHOLDER NOMINATIONS FOR DIRECTORS

The Nominating Committee of the Board of Directors will consider candidates for director nominees that are recommended by stockholders of the Company in accordance with the procedures set forth below. Any such nominations should be submitted to the Nominating Committee of the Board of Directors in care of the Corporate Secretary, Educational Development Corporation, 10302 East 55th Place, Tulsa, OK. 74146 and accompany it with the following information:

s Appropriate biographical information, a statement as to the qualifications of the nominee and any other information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and

s The name(s) and address(es) of the stockholder(s) making the nomination and the number of shares of the Company's common stock which are owned beneficially and of record by such stockholder(s).

s The written recommendation should be submitted at least nine months prior to the next regularly scheduled Annual Meeting of Stockholders in order to provide the Nominating Committee sufficient time to review the candidate and his or her qualifications and to make their recommendation to the Board of Directors.

COMPENSATION OF DIRECTORS

As compensation for all services rendered as a director of the Company, the Company has a standard arrangement whereby a director who is not also an officer of the Company is paid \$400 for each directors' meeting attended in person. Each director who is not also an officer of the Company and who is a member of and who attends a meeting of one of the Committees of the Board of Directors is paid \$150 for such attendance. Directors are not paid for directors' meetings or Committee meetings held by means of conference calls.

We do not have any formal policies or procedures relating to granting options to the members of our Board of Directors as a part of compensating such members for their service on our Board of Directors. However, from time to time in the past, we have granted options to the members of our Board of Directors, under our 1992 Incentive Stock Option Plan, as compensation for serving on the Board of Directors.

COMMITTEES OF BOARD OF DIRECTORS

(i) The Executive Committee is responsible for assisting management in establishing long-range plans, budgets and marketing and development plans. A written charter governs its activities. The Executive Committee consists of Messrs. Cosgrove, Berryhill and White. No separate meetings of this committee were held during the fiscal year ended February 28, 2005. All committee actions were taken by the Board of Directors as a whole during the regular Board of Directors meeting.

Table of Contents

(ii) The Compensation Committee is composed of independent directors (as defined by NASDAQ) and is responsible for determining the compensation of our executive officers and administering our 1992 Incentive Stock Option Plan and the 2002 Stock Option Plan. A written charter governs its activities. The Compensation Committee consists of Messrs. Berryhill, Clerico and Cosgrove. The Committee held one meeting during the fiscal year ended February 28, 2005 (see Report of the Compensation Committee elsewhere in this Proxy Statement).

(iii) The Audit Committee is composed of independent directors (as defined by NASDAQ). The Audit Committee consists of Messrs. Clerico, Cosgrove, Berryhill and Lewis. Mr. Cosgrove serves as the audit committee's financial expert. A written charter governs their activities. The Audit Committee reviews our financial statements and any audit reports from the independent registered public accountants. The Audit Committee annually considers the qualifications of the independent registered public accountants of the Company and makes recommendations to the Board on the engagement of the independent registered public accountants. The Audit Committee held four meetings during the fiscal year ended February 28, 2005 for the purpose of reviewing our quarterly results. In June 2005, the Audit Committee met with the independent registered public accountants (see Report of the Audit Committee elsewhere in this Proxy Statement).

(iv) Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is currently comprised of Messrs. Cosgrove, Berryhill and Lewis, each of whom qualifies as independent under the rules of NASDAQ, with Mr. Lewis serving as chairman. Their activities are governed by a written charter. The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members, reviewing candidates recommended by our stockholders, recommending to the Board the director nominees for the annual meeting of stockholders, developing and recommending to the Board a set of corporate governance principles and playing a general leadership role in our corporate governance. No separate meetings of this Committee were held during the fiscal year ended February 28, 2005. All committee actions were taken by the Board of Directors as a whole during the regular Board of Directors meetings.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal year 2005, no member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries. None of our executive officers or members of our Board of Directors serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of June 7, 2005, the number of shares of our common stock held by any persons known to our management to be beneficial owners of more than 5% of our outstanding common stock, and the number of shares of our common stock beneficially owned by each of our directors, each of the executive officers named in the Summary Compensation Table, and by all directors and nominees and executive officers as a group.

Name of Individual or group	Amount of Beneficial Ownership	Percent of Class (1)
Robert D. Berryhill	373,098	10.0%
John A. Clerico	26,000	*
G. Dean Cosgrove	28,038	*

Edgar Filing: EDUCATIONAL DEVELOPMENT CORP - Form DEF 14A

James F. Lewis	90,198	2.4%
Randall W. White	777,982 (2)	19.9%
All directors and executive officers as a group (8 persons)	1,410,133 (3)	35.5%

* less than 1 percent

(1) The Percent of Class was calculated on the basis of the number of outstanding shares plus the number of shares which may be acquired by such person or group pursuant to stock options which are currently exercisable or which become exercisable within 60 days, however, shares which may be acquired by such person or group pursuant to currently exercisable stock options are not deemed outstanding for purposes of computing the Percent of Class for shares beneficially owned by any other person or group.

Table of Contents

- (2) Includes 175,200 shares as to which Mr. White has the right to acquire beneficial ownership through the exercise of currently exercisable stock options.
- (3) Includes 230,200 shares as to which all directors and executive officers have the right to acquire beneficial ownership through the exercise of currently exercisable stock options.

**SECTION 16 (A) BENEFICIAL OWNERSHIP
REPORTING COMPLIANCE**

Under Section 16(a) of the Securities Exchange Act of 1934, our directors, executive officers, and any persons holding more than ten percent of our Common Stock are required to report their initial ownership of our Common Stock and any subsequent changes in that ownership to the SEC and to furnish the Company with a copy of each such report. Specific due dates for these reports have been established and we are required to disclose in this proxy statement any failure to file by these dates during and with respect to fiscal year 2005. To our knowledge, based solely on review of the copies of such reports furnished to us, during and with respect to fiscal year 2005, all Section 16(a) filing requirements were satisfied.

EXECUTIVE COMPENSATION

The following table sets forth certain information with respect to the compensation of our President during the fiscal years ended February 28, 2005, February 29, 2004 and February 28, 2003.

Name and Principal Position	Fiscal Year	Annual Compensation		
		Salary	Bonus	Other Annual Compensation (1)(2)
Randall W. White Chairman of the Board, President And Treasurer	2005	\$ 147,500	\$ 22,000	\$ 6,532
	2004	\$ 130,000	\$ 20,000	\$ 14,118
	2003	\$ 128,333	\$ 20,000	\$ 7,737

- (1) Does not include the value of perquisites or other personal benefits because the aggregate amount of such compensation, if any, did not exceed the lesser of \$50,000 or 10% of the annual salary and bonus in any of the three fiscal years reported in the Summary Compensation Table.
- (2) The difference between the cost of Company shares acquired by the executive officer in the EDC Employee's 401(k) Plan and the market value of those shares at the time of acquisition.

EMPLOYMENT CONTRACTS

The Company has an employment agreement with Randall W. White, President of the Company, which expires March 1, 2007 and provides for annual compensation of \$150,000. The agreement provides that in the event of a change of control, White is to receive not less than twelve months base salary. In the event the Company, without cause, terminates White, then White is to receive not less than twelve months base salary. In the event the Company, with cause, terminates White, then White is to receive all earned but unpaid base salary and his unexercised stock options shall become null and void.

COMPENSATION COMMITTEE REPORT

The fundamental philosophy of our compensation program is to offer competitive compensation opportunities for our executive officers, based primarily on the individual executive's personal performance relative to his or her area of responsibility and the contribution to our short-term and long-term strategic objectives. This philosophy is further driven by the concept of rewarding the executive officers through a cash bonus program and a stock option program when the Company is profitable.

Table of Contents

Each compensation package for an executive officer of the Company drawing over \$100,000 per year is reviewed annually by the Compensation Committee and submitted to the Board of Directors for their approval.

The foundation of our executive compensation program is based upon the promotion of our short-term and long-term business objectives, the creation of a performance-oriented environment, and the enhancement of stockholder value through the greatest achievable profitability. The elements of our executive compensation program are: base salary compensation, cash bonus compensation and stock options.

Base salary compensation is intended to compensate the executive officers at a level commensurate with their responsibilities and contribution to the short- and long-term objectives of the Company. The Committee further takes into account the local and general economic conditions, future business prospects, and length of employment with the Company. Both the cash bonus compensation program and the stock option program are based upon the profitability of the Company and other considerations including sales levels, earnings per share levels and return on equity.

In its annual review of executive officer compensation for fiscal 2005, the Committee considered the salary and bonus of the Company's Chief Executive Officer, Randall W. White, in light of the Company's overall performance for fiscal 2005, and the performance of the CEO relative to the long-term objectives of the Company. Based on that review, a cash bonus related to performance for fiscal 2005 was authorized.

The Committee also reviewed the employment contract for the Company's Chief Executive Officer, Randall W. White, and authorized a three-year extension to March 1, 2007.

Robert D. Berryhill
G. Dean Cosgrove
John A. Clerico

**OPTION EXERCISES DURING FISCAL YEAR ENDED
FEBRUARY 28, 2005 AND OPTION VALUES AT FEBRUARY 28, 2005**

The following table sets forth certain information with respect to options exercised by our President during the fiscal year ended February 28, 2005, and the number and value of unexercised stock options held by him at the end of the fiscal year.

Name	Shares Acquired on Exercise	Value Realized (2)	Number of Securities Underlying Unexercised Options at FY-End February 28, 2005 (1)	Value of Unexercised In-the-Money Options At FY-End February 28, 2005 (1)(3)
Randall W. White	40,000	\$ 321,000	175,200	\$ 1,109,280

(1) All unexercised options were exercisable as of February 28, 2005.

- (2) Calculated by multiplying the number of shares acquired on exercise times the difference between (a) the closing stock price of the Common Stock at the exercise date and (b) the per share option exercise price.
- (3) Calculated by multiplying the number of unexercised options times the difference between (a) the closing stock price of the Common Stock at February 28, 2005 and (b) the per share option exercise price.

Table of Contents**COMPENSATION PLANS**

The following table sets forth the securities authorized for issuance under our equity compensation plans (including individual compensation arrangements) as of February 28, 2005.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	259,700	\$3.79	984,000
Equity compensation plans not approved by security holders	- 0 -	- 0 -	- 0 -
Total	259,700	\$3.79	984,000

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is comprised of the four directors named below. Each member of the Audit Committee is an independent director as defined by NASDAQ rules. A written charter adopted by the Board of Directors governs the Audit Committee's activities. The Audit Committee has reviewed and discussed our audited financial statements with management, which has primary responsibility for the financial statements.

The Audit Committee dismissed the independent registered public accounting firm, Deloitte & Touche LLP, as of February 22, 2005. The Audit Committee appointed Tullius Taylor Sartain & Sartain LLP headquartered in Tulsa, Oklahoma, as our new independent registered public accounting firm for the fiscal year ended February 28, 2005.

Tullius Taylor Sartain & Sartain LLP is responsible for expressing an opinion on the conformity of our audited financial statements with accounting principles generally accepted in the United States of America. The Audit Committee has discussed with Tullius Taylor Sartain & Sartain LLP the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, which includes, among other items, matters relating to the conduct of an audit of our financial statements. The Audit Committee has received the written disclosures and the letter from Tullius Taylor Sartain & Sartain LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees and has discussed with Tullius Taylor Sartain & Sartain LLP their independence from the Company. Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended February 28, 2005 and in our fiscal year 2005 Annual Report to Shareholders.

Submitted by the members of the Audit Committee of the Board of Directors,
G. Dean Cosgrove, Chairman
Robert D. Berryhill
John A. Clerico

James F. Lewis

Table of Contents**COMPARISON OF FIVE-YEAR CUMULATIVE RETURNS
ON AN INDEXED BASIS**

The following graph compares the performance of our Common Stock with the performance of the Nasdaq Stock Market Total Return Index and the Nasdaq Non-Financial Stock Index. The Center for Research in Security Prices (CRSP) Index provided the Nasdaq indices used in this graph. The graph assumes \$100 was invested on February 29, 2000 in each of our Common Stock and the two Nasdaq indices.

The graph displayed below is presented in accordance with SEC requirements. Stockholders are cautioned against drawing any conclusions from the data contained therein, as past results are not necessarily indicative of future performance. The graph in no way reflects our forecast of future financial performance.

PERFORMANCE GRAPH COMPARISON OF THE FIVE-YEAR CUMULATIVE RETURN

Among the Company, Nasdaq Stock Market Total Return Index
and Nasdaq Non-Financial Stock Index

	CUMULATIVE TOTAL RETURN					
	February 2000	February 2001	February 2002	February 2003	February 2004	February 2005
EDC Stock	100.00	100.00	201.78	288.89	315.56	308.15
NASDAQ Stock Market Total Return Index	100.00	45.63	37.09	28.93	43.56	44.22
NASDAQ Non-Financial Stock Index	100.00	42.87	33.29	25.02	38.54	38.80

Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

Tullius Taylor Sartain & Sartain LLP served as our independent registered public accountants for the fiscal year ended February 28, 2005. For fiscal year 2004, Deloitte & Touche LLP served as our independent registered public accountants. The Audit Committee dismissed Deloitte & Touch LLP as our independent registered public accountants as of February 22, 2005. The reports of Deloitte & Touche LLP on the financial statements for the last two years do not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. During the last two full fiscal years and the interim period since February 29, 2004, there have been no disagreements on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of Deloitte & Touche LLP, would have caused it to make a reference to the subject matter of the disagreement(s) in connection with its report.

On February 23, 2005, the firm of Tullius Taylor Sartain & Sartain LLP was appointed by the Audit Committee of the Board of Directors as the independent registered public accounting firm to make an audit of the financial statements of the Company for the fiscal year ended February 28, 2005. They have also been appointed to audit the financial statements of the Company for the fiscal year ending February 28, 2006. The Company has not during our two most recent fiscal years or the subsequent interim period through February 22, 2005, consulted with Tullius Taylor regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed or the type of audit opinion that might be rendered on our financial statements, or (ii) any matter that was the subject of a disagreement with Deloitte & Touche LLP or a reportable event (as defined in Regulation S-K Item 304 (a)(1)(v)).

Representatives from Tullius Taylor Sartain & Sartain LLP are expected to be present at the annual meeting of stockholders, will be given the opportunity to make a statement if they so desire, and will be available to respond to any appropriate questions.

The following table sets forth the aggregate fees billed to the Company for the fiscal years ended February 28, 2005 by our independent registered public accountants Tullius Taylor Sartain & Sartain LLP and the fiscal years ended February 28, 2005 and February 29, 2004, by our former independent registered public accountants, Deloitte & Touche LLP.

	Tullius Taylor Sartain & Sartain LLP		Deloitte & Touche LLP	
	Fiscal Year 2005	Fiscal Year 2005	Fiscal Year 2005	Fiscal Year 2004
Audit Fees (1)	\$	42,000	\$ 28,400	\$ 71,000
Audit related fees				
Tax fees (2)			1,000	8,600
All other fees				
Total	\$	42,000	\$ 29,400	\$ 79,600

(1) Audit fees consisted of audit work performed in the preparation of financial statements, as well as work generally only the independent auditor can reasonably be expected to provide, such as review of our interim unaudited

financial statements included in our Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

(2) Tax fees consist of tax compliance, tax planning or tax advice.

The Audit Committee is responsible for appointing, setting compensation and overseeing the work of our independent registered public accountants. The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services provided by our independent registered public accountants. On an ongoing basis, our management presents specific projects and categories of service to the Audit Committee for which advance approval is requested. The Audit Committee reviews those requests and advises management if the Audit Committee approves the engagement of our independent registered public accountants for such services. On a periodic basis, our management reports to the Audit Committee regarding the actual spending for such projects and services compared to the approved amounts.

Table of Contents

STOCKHOLDER PROPOSALS

The rules of the SEC govern when a company must include a stockholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of stockholders. Under these rules, proposals that stockholders would like to submit for inclusion in our proxy statement for our 2006 annual meeting of stockholders should be received by our Corporate Secretary no later than March 2, 2006. Only those stockholder proposals eligible for inclusion under the rules of the SEC will be included in our proxy statement.

In addition, if a stockholder wishes to present a proposal at the 2006 annual meeting that will not be included in our proxy statement and the Company is not notified prior to May 16, 2006, then the proxies solicited by our management for the 2006 annual meeting will include discretionary authority to vote on the proposal in the event that it is properly brought before the meeting.

ANNUAL REPORT AND FORM 10-K

The proxy statement is accompanied by the Annual Report of the Company for its fiscal year ended February 28, 2005. Stockholders are referred to such Annual Report for information about our business and activities, but such Annual Report is not incorporated in this Proxy Statement and is not deemed to be a part of the proxy soliciting material.

Copies of our Annual Report on Form 10-K filed with the SEC pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, will be provided without charge to record or beneficial owners of shares of our common stock entitled to vote at the meeting. Written requests for copies of said report should be directed to Randall W. White, President of the Company, at our corporate headquarters located at 10302 East 55th Place, Tulsa, Oklahoma 74146-6515

OTHER MATTERS

Management does not intend to present and does not have any reason to believe that others will present at the annual meeting any item of business other than as stated in the Notice of Annual Meeting of Stockholders. If, however, other matters are properly brought before the meeting, it is the intention of the persons named as proxies in the accompanying form of Proxy to vote the shares of our common stock represented thereby in accordance with their best judgment and discretionary authority to do so is included in the Proxy.

By order of the Board of Directors

Randall W. White
Chairman of the Board and President

Tulsa, Oklahoma
June 30, 2005

Table of Contents

10302 East 55th Place
Tulsa, OK 74146
www.edcpub.com

Table of Contents

EDUCATIONAL DEVELOPMENT CORPORATION

10302 East 55th Place, Tulsa, Oklahoma 74146

PROXY

**THIS PROXY IS BEING SOLICITED BY AND ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF SHAREHOLDERS, AUGUST 9, 2005**

The undersigned hereby appoints Randall W. White and W. Curtis Fossett, or either or both of them, proxies of the undersigned, with full power of substitution, to vote all shares of Educational Development Corporation (EDC) owned by or standing in the name of the undersigned, at the Annual Meeting of Shareholders of EDC, to be held at the Sheraton Tulsa, 10918 East 41st Street, Tulsa, Oklahoma, on August 9, 2005, at 10:00 o clock A.M., local time, and at any adjournments.

(Continued and to be signed on the reverse side)

14475

Table of Contents

**ANNUAL MEETING OF SHAREHOLDERS OF
EDUCATIONAL DEVELOPMENT CORPORATION**

August 9, 2005

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

ê Please detach along perforated line and mail in the envelope provided. ê

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK
YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. UPON THE ELECTION OF DIRECTOR:

- | | | |
|-----------------------|---|-----------------------------------|
| | NOMINEE: | |
| <input type="radio"/> | FOR THE NOMINEE | James F. Lewis (Class I Director) |
| <input type="radio"/> | WITHHOLD AUTHORITY
FOR THE NOMINEE | |

To change the address on your account, please check the box at right and indicate
your new address in the address space above. Please note that changes to the
registered name(s) on the account may not be submitted via this method.

The foregoing is as set forth in the Notice of said meeting and in the accompanying Proxy Statement, receipt of which are hereby acknowledged.

THIS PROXY WILL BE VOTED AS INDICATED BY THE SHAREHOLDER(S). IF NO CHOICE IS INDICATED ON THE ABOVE PROPOSAL, THIS PROXY WILL BE VOTED FOR SUCH PROPOSAL.

The Board of Directors knows of no other proposals to come before this meeting. IF ANY OTHER MATTERS SHOULD BE BROUGHT BEFORE THE MEETING, THE PERSONS NAMED IN THIS PROXY OR THEIR SUBSTITUTES WILL VOTE THIS PROXY ON SUCH MATTERS IN ACCORDANCE WITH THEIR BEST JUDGEMENT.

The undersigned hereby revokes any Proxy heretofore given, and ratifies all that said proxies may lawfully do or cause to be done by virtue hereof.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.