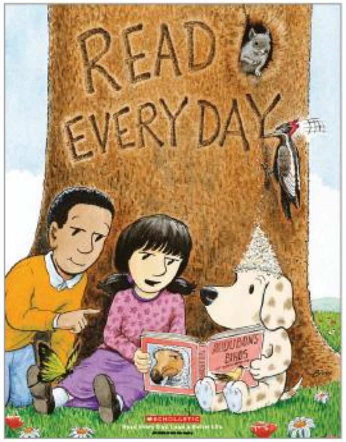
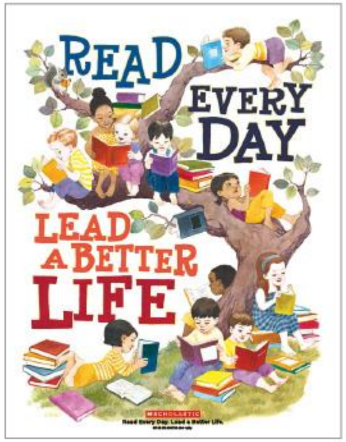
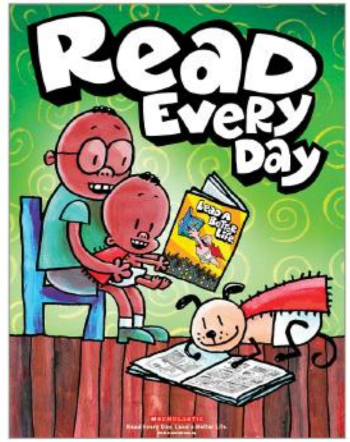
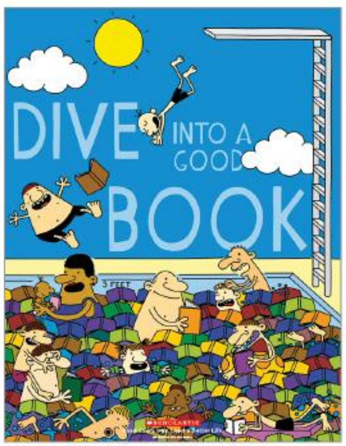
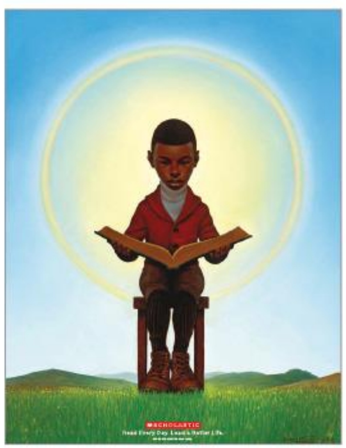
SCHOLASTIC

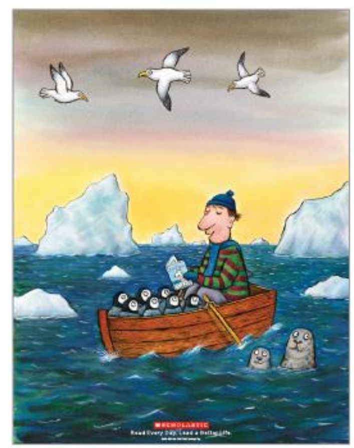












FOURTH QUARTER AND FISCAL YEAR 2014 EARNINGS PRESENTATION

July 24, 2014

SCHOLASTIC

Forward-Looking Statements

This presentation contains certain forward-looking statements, which are subject to various risks and uncertainties, including the conditions of the children's book and educational materials markets and acceptance of the Company's products in those markets and other risks and factors identified from time to time in the Company's filings with the Securities and Exchange Commission. Actual results could differ materially from those currently anticipated.

Regulation G

Today's comments include references to certain non-GAAP financial measures as defined in Regulation G. The reconciliation of these non-GAAP financial measures with the relevant GAAP financial information and other information required by Regulation G is provided in the Company's earnings release, which is posted on the Company's investor relations website at investor.scholastic.com.

Dick Robinson

Chief Executive Officer, President
and Chairman

SCHOLASTIC

Fiscal Year 2014 Highlights

- Children's Book Publishing and Education Groups deliver strong finish to a successful year
  - Children's Books operating income **+90%**, excluding one-time items, on **+3%** increase in sales
  - Education Technology operating income **+34%** on **+9%** increase in sales
  - Classroom Books operating income **+27%** on **+5%** increase in sales
- Full year operating results met or exceeded guidance

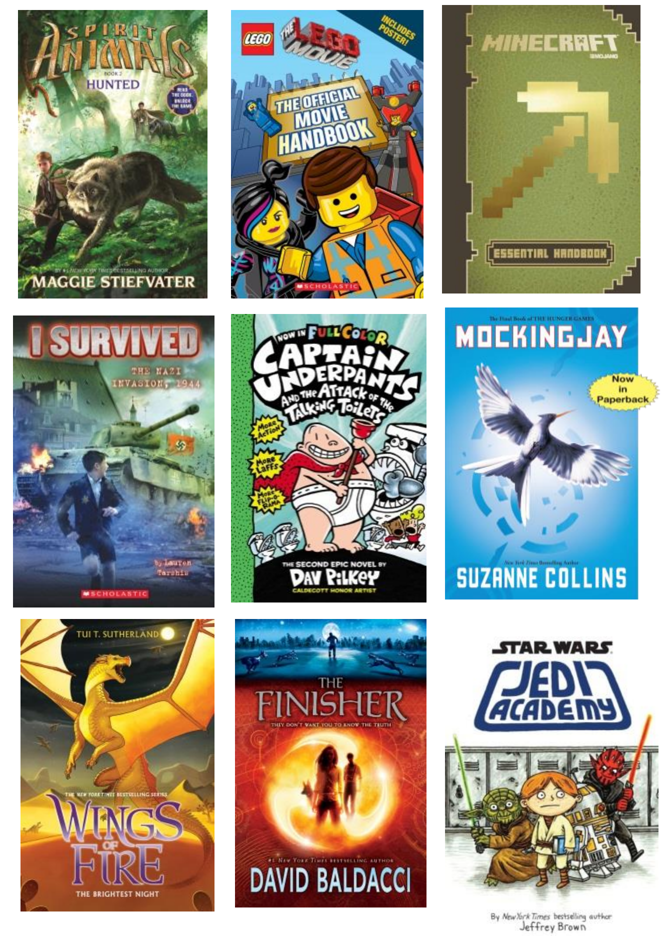
Metric	Actual	Guidance
Revenue	$1.82 billion	≈ $1.8 billion
EPS, ex. one-times	$1.84	$1.40 - $1.80
Free Cash Flow	$63.7 million	$60 -$80 million

SCHOLASTIC

Children's Books:

Delivering Titles that Instill a Passion for Reading in Kids

- Growth driven by higher revenue per book club order <u>and</u> higher revenue per fair in the Company's school-based distribution channels
- **Book Clubs:** Successful new grade-specific marketing strategy and incentives drove **+12%** increase in sales
- **Book Fairs:** Rebalanced fair mix towards higher revenue per fair schools drove **+3%** increase in sales
- **Trade:** Frontlist growth driven by middle-grade bestsellers, including *Star Wars®: Jedi Academy* and *Wings of Fire* in addition to the *LEGO®* movie tie-ins and *Minecraft* handbooks



SCHOLASTIC

Media:

Quality Family-Oriented Content Across Multiple Platforms

- Classic children's programs, including *Clifford the Big Red Dog®*, *The Magic School Bus®* and *Goosebumps®* now available on major streaming services
- Feature film adaptation of *Goosebumps®*, by R.L. Stine, now scheduled for release in August 2015; new *Goosebumps* books on their way
- Recently announced plans to launch original TV series, *The Magic School Bus™ 360º* in 2016
- New original animated series *Astroblast!™* debuted on Sprout network in July

Clifford the Big Red Dog

SCHOLASTIC

Education:

Proven Tools to Raise Student Achievement

- Fourth quarter ended on a strong note, including increased sales of *READ 180®*, following the realignment of our sales force
- Award winning *MATH 180®* had the best first year performance of any Scholastic educational product launch to date
- Summer reading programs, classroom libraries and classroom magazines helped drive a +27% improvement in operating income on a +5% increase in sales in Classroom Books
- Classroom magazines, with circulation now over 13 million, continue to be contributors to growth

International:

Leveraging Growing Demand For English Language Learning

- Strong sales of locally published trade titles in the UK and Australia during the year
- Solid growth, in local currency, in emerging markets with education and direct-to-home products
- New digital and blended learning education programs – *Scholastic Literacy Pro*™ and *PR1ME*™ *Mathematics* launched in the fourth quarter
- Due to the strengthening of the US dollar, foreign exchange had a negative impact on revenue of $24.2 million in the fiscal year

Income Statement – Adjusted Earnings Per Share

In $ Millions (except per share)	Fourth Quarter 2014			Fourth Quarter 2013			Fiscal Year to Date 2014			Fiscal Year to Date 2013		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Revenues	$549.3		$549.3	$506.9		$506.9	$1,822.3		$1,822.3	$1,792.4		$1,792.4
Cost of goods sold [1]	252.6	(2.4)	250.2	226.8		226.8	846.0	(2.4)	843.6	829.6		829.6
Selling, general and administrative expenses [2]	216.3	(4.3)	212.0	219.7	(10.6)	209.1	815.6	(13.5)	802.1	821.6	(13.6)	808.0
Bad debt expense	1.8	-	1.8	2.9		2.9	8.2		8.2	6.8		6.8
Depreciation and amortization	15.4	-	15.4	17.2		17.2	61.4		61.4	66.5		66.5
Asset impairments [3]	14.6	(14.6)	-	-		-	28.0	(28.0)	-	-		-
Total operating costs and expenses	500.7	(21.3)	479.4	466.6	(10.6)	456.0	1,759.2	(43.9)	1,715.3	1,724.5	(13.6)	1,710.9
Operating income (loss) from continuing operations	$48.6	$21.3	$69.9	$40.3	$10.6	$50.9	$63.1	$43.9	$107.0	$67.9	$13.6	$81.5
Interest expense, net	1.0		1.0	3.0		3.0	6.9		6.9	14.5		14.5
Loss on investments [4]	1.1	(0.1)	1.0	-		-	5.8	(4.8)	1.0	-		-
Provision (benefit) for income taxes [5]	18.3	8.7	27.0	12.5	3.8	16.3	6.1	33.0	39.1	17.6	5.0	22.6
Earnings (loss) from continuing operations	$28.2	$12.7	$40.9	$24.8	$6.8	$31.6	$44.3	$15.7	$60.0	$35.8	$8.6	$44.4
Earnings (loss) from discontinued operations, net of tax	(0.1)		(0.1)	(3.3)		(3.3)	0.1		0.1	(4.7)		(4.7)
Net Income (loss)	$28.1	$12.7	$40.8	$21.5	$6.8	$28.3	$44.4	$15.7	$60.1	$31.1	$8.6	$39.7
Earnings (loss) per diluted share from continuing operations	0.86	0.39	1.25	0.76	0.21	0.97	1.36	0.48	1.84	1.10	0.27	1.37
Earnings (loss) per diluted share from discontinued operations, net of tax	(0.01)		(0.01)	(0.10)		(0.10)	0.00		0.00	(0.15)		(0.15)
Earnings (loss) per diluted share	0.85	0.39	1.24	0.66	0.21	0.87	1.36	0.48	1.84	0.95	0.27	1.22

1. In the three and twelve months ended May 31, 2014, the Company recognized a pretax charge of $2.4 for royalties on Storia operating system-specific apps that will no longer be supported due to the planned transition to a Storia streaming model.
2. In the three and twelve months ended May 31, 2014, the Company recognized pretax severance charges of $1.6 and $10.8, respectively, related to the Company's cost savings initiatives; a pretax non-cash settlement charge of $1.7 for certain lump sum benefits paid from the Company's defined benefit pension plan; and a pretax charge of $1.0 Storia operating system-specific apps that will no longer be supported due to the planned transition to a Storia streaming model. In the three and twelve months ended May 31, 2013, the Company recognized pretax severance charges of $6.6 and $9.6, respectively, related to such cost savings initiatives and a pretax charge of $4.0 related to asset impairments.
3. the three and twelve months ended May 31, 2014, the Company recognized a pretax impairment charge of $14.6 related to Storia operating system-specific apps that will no longer be supported due to the planned transition to a Storia streaming model. In the twelve months ended May 31, 2014, the Company recognized a pretax goodwill impairment charge of $13.4 in the Children's Book Publishing and Distribution segment.
4. In the twelve months ended May 31, 2014, the Company recognized a pretax loss of $4.8 related to a UK-based cost method investment and a pretax loss of $1.0 related to a US-based equity method investment.
5. In the twelve months ended May 31, 2014, the Company recognized $13.8 of tax benefits from previously unrecognized income tax positions related to the Company's settlement of the 2007, 2008 and 2009 IRS audits.

Segment Results – Adjusted for One-Time Items

In $ Millions (except per share)	Fourth Quarter 2014			Fourth Quarter 2013			Fiscal Year to Date 2014			Fiscal Year to Date 2013		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Children's Book Publishing and Distribution												
Revenue												
Book Clubs	$66.9		$66.9	$43.3		$43.3	$230.7		$230.7	$206.0		$206.0
Book Fairs	170.2		170.2	165.2		165.2	472.3		472.3	458.2		458.2
Consolidated Trade	39.7		39.7	32.6		32.6	170.5		170.5	182.7		182.7
Total revenue	276.8		276.8	241.1		241.1	873.5		873.5	846.9		846.9
Operating income (loss) [1]	26.0	18.0	44.0	19.9	4.0	23.9	22.8	31.4	54.2	24.5	4.0	28.5
	9.4%		15.9%	8.3%		9.9%	2.6%		6.2%	2.9%		3.4%
Educational Technology and Services												
Revenue	57.2		57.2	53.7		53.7	248.7		248.7	227.7		227.7
Operating income (loss)	7.2		7.2	2.9		2.9	39.6		39.6	29.5		29.5
	12.6%		12.6%	5.4%		5.4%	15.9%		15.9%	13.0%		13.0%
Classroom and Supplemental Materials Publishing												
Revenue	88.2		88.2	83.7		83.7	229.6		229.6	218.0		218.0
Operating income (loss)	27.1		27.1	25.0		25.0	37.5		37.5	29.6		29.6
	30.7%		30.7%	29.9%		29.9%	16.3%		16.3%	13.6%		13.6%
International												
Revenue	109.0		109.0	112.8		112.8	414.3		414.3	441.1		441.1
Operating income (loss) [2]	9.2		9.2	10.3	2.0	12.3	30.8	0.6	31.4	39.8	2.0	41.8
	8.4%		8.4%	9.1%		10.9%	7.4%		7.6%	9.0%		9.5%
Media, Licensing and Advertising												
Revenue	18.1		18.1	15.6		15.6	56.2		56.2	58.7		58.7
Operating income (loss)	3.1		3.1	4.7		4.7	(0.7)		(0.7)	4.7		4.7
	17.1%		17.1%	30.1%		30.1%	-		-	8.0%		8.0%
Corporate overhead [3]	$24.0	($3.3)	$20.7	$22.5	($4.6)	$17.9	$66.9	($11.9)	$55.0	$60.2	($7.6)	$52.6
Operating income (loss) from continuing operations	$48.6	$21.3	$69.9	$40.3	$10.6	$50.9	$63.1	$43.9	$107.0	$67.9	$13.6	$81.5

1. In the three and twelve months ended May 31, 2014, the Company recognized a pretax charge of $18.0 related to Storia operating system-specific apps that will no longer be supported due to the planned transition to a Storia streaming model. In the twelve months ended May 31, 2014, the Company recognized a pretax goodwill impairment charge of $13.4 in the Children's Book Publishing and Distribution segment. In the three and twelve months ended May 31, 2013, the Company recorded a pretax charge of $4.0 related to asset impairments.

2. In the twelve months ended May 31, 2014, the Company recognized a pretax severance charge in its International segment of $0.6 related to cost savings initiatives. In the three and twelve months ended May 31, 2013, the Company recorded a pretax severance charge of $2.0 related to the Company's cost savings initiatives.

3. In the three and twelve months ended May 31, 2014, the Company recognized a pretax non-cash settlement charge of $1.7 for certain lump sum benefits paid from the Company's defined benefit pension plan. In the three and twelve months ended May 31, 2014, the Company recognized pretax severance charges of $1.6 and $10.2, respectively, in Corporate Overhead related to the Company's cost savings initiatives. In the three and twelve months ended May 31, 2013, the Company recognized pretax severance charges of $4.6 and $7.6, respectively, in Corporate Overhead related to the Company's cost savings initiatives.

Free Cash Flow and Balance Sheet

In $ Millions	May 31, 2014	May 31, 2013
Free cash flow (use) (12 month period ending)[1]	$63.7	$59.6
Accounts receivable, net	$253.3	$214.9
Inventories, net	$272.7	$278.1
Accounts payable	$145.3	$156.2
Accrued royalties	$34.1	$34.4
Total debt	$135.8	$2.0
Cash and cash equivalents	20.9	87.4
Net debt[2]	$114.9	($85.4)

1. Free cash flow (use) is defined by the Company as net cash provided by or used in operating activities (which includes royalty advances), reduced by spending on property, plant and equipment and pre-publication and production costs.
2. Net debt is defined by the Company as lines of credit and short-term debt plus long-term-debt, net of cash and cash equivalents.

SCHOLASTIC

Key Elements of Fiscal 2015 Outlook

- Revenue growth and enhanced profitability across the majority of our businesses and channels:
  - Increased revenue per fair in our book fairs unit and continued growth in our repositioned book clubs, which will face a tougher comparison in the second half of fiscal ‘15.
  - Trade business expected to capitalize on the success of *Minecraft*, with two additional books and a boxed set scheduled for release later in the year.
  - Continued positive trajectory in educational technology product sales with plans to add to our sales organization to enhance our ability to broaden the user base of our higher margin programs, such as READ 180 and SYSTEM 44.
  - New Guided Reading non-fiction books and instructional resources to drive growth in Classroom Books.
  - Growth in the international segment expected to be partially offset by increased investment in new education programs and the expansion of our sales organization in Asia.
  - Partially offset by strategic investments in information technology and in education sales resources in the U.S. and Asia, and lower high-margin sales of The Hunger Games trilogy.
- Capital expenditures to return to more normal levels in the $45-$55 million range:
  - Higher investment in facilities and infrastructure, including plant modernization and expansion initiatives in Canada and Asia.
- Pursuing strategic opportunities to monetize our real estate holdings in SoHo.

FY 2015 Outlook:
Expectations for Profitable Revenue Growth

Revenue	≈ **$1.9** billion
Earnings from Continuing Operations [1]	**$1.80 - $2.00** per diluted share
Free Cash Flow	**$65 - $85** million
Capital Expenditures	**$45 - $55** million
Prepublication/Production Spending	**$65 - $75** million

1. Outlook for EPS and operating income **excludes** severance and other one-time items associated with restructuring actions, as well as non-cash, non-operating items.

Questions & Answers

Participants

- Richard Robinson
- Maureen O’Connell
- Margery Mayer, Educational Technology & Services
- Judy Newman, School Book Clubs and E-Commerce