THIRD QUARTER FISCAL YEAR 2017 EARNINGS PRESENTATION

MARCH 23, 2017

Forward-Looking Statements

This presentation contains certain forward-looking statements. Such forward-looking statements 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, as well as 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.

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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

Third Quarter Fiscal 2017 Results

- Sales down -8% in quarter, after exceptional first half performance.
- Higher than expected quarterly revenue decline in book clubs and trade, mitigated by planned cost reduction programs across the business.
  - Book Club revenues affected by lack of attractive media titles and lower response rate due in part to ineffective segmentation strategy.
  - Trade revenues impacted by the drop in adult coloring book sales.
- Multi-year strategic investment plan in transformative technology systems resulted in +$6 MM higher overhead expense (ex. one-times) in the quarter, as anticipated.
  - Will result in more efficient and effective business processes, and lower operating expenses globally, once completed.
- Third quarter is a lower revenue quarter, where we typically record a loss.

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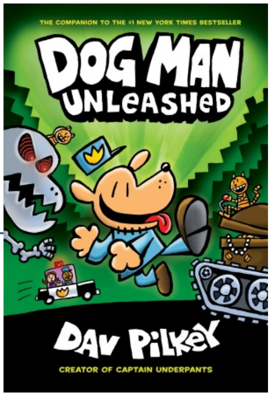
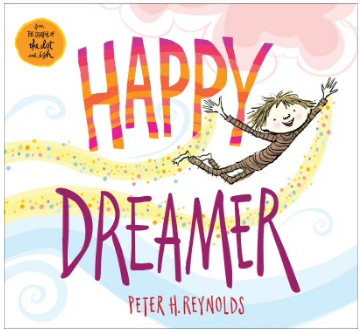
Book Clubs and Book Fairs

- Initiative to improve profitability in fairs by better matching fair resources to each school's size and interests resulted in lower number of fairs held but higher revenue per fair.
- In Clubs, cost savings on kit, promotion and product expenses helped to soften the impact of the sales decline on operating profits.
- Scholastic's own successful titles, like Dav Pilkey's *Dog Man*, are performing well in clubs and fairs, although there has not been any blockbuster licensed content from other publishers this year.

Trade

- Top-selling titles in the quarter included *Dog Man Unleashed* and *Wings of Fire: Talons of Power*, the ninth book in the series.
- Launched publishing program based on the iconic *American Girl* brand during the quarter.
- Impact of declining trend in adult coloring books to be a tough comparison in fourth quarter, as well.
- Growing excitement around the early June release of DreamWorks' animated feature film adaptation of *Captain Underpants* expected to drive interest in backlist titles and new movie tie-ins.
- Upcoming new titles include *Happy Dreamer* by Peter Reynolds, Emma Donoghue's *The Lotterys Plus One*, and the first book in our new multi-platform series *Horizon* by Scott Westerfield, #1 New York Times bestselling author.





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Education

- Expect new business pipeline to be back-end loaded and see a strong finish to the year.
- Seeing more opportunities to replace basal textbooks with our comprehensive core curriculum balanced literacy solutions – engaging print and digital resources for instruction.
- Creating strong partnerships with schools, families and communities with balanced literacy instruction, independent reading, and our growing professional development services and family and community engagement programs.

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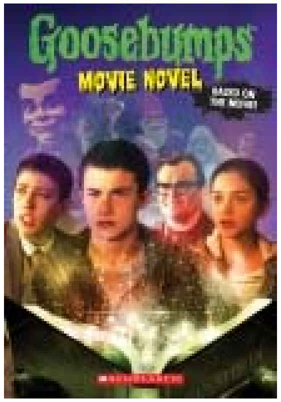
International

- Overall growth in key emerging markets in Asia – India, China, Philippines, Malaysia – where quarterly revenue increased +3% in local currency terms.
- Seeing expanded demand for English language print and digital products that help children learn at school and home.
- Australia/New Zealand local trade publishing was strong with standout titles like Aaron Blabey's *Bad Guys* and R.L. Stine's *Goosebumps*®.
- Focus on enhancing profitability by leveraging global product and sourcing opportunities.



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Real Estate

- Building renovations to create new premium retail space and increase the capacity of the office floors – progressing on plan.
- Will reduce reliance on costly external leased space.
- Negotiations with high quality retail tenants continuing.
- Expect to announce 15-year lease for new 557 Broadway-facing retail within the next few months.

Dick Robinson

Chief Executive Officer, President
and Chairman

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Maureen O’Connell

Executive Vice President,
Chief Administrative Officer and CFO

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Income Statement

In $ Millions (except per share)	Third Quarter 2017			Third Quarter 2016			Fiscal Year to Date 2017			Fiscal Year to Date 2016		
	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	$336.2		$336.2	$366.0		$366.0	$1,242.0		$1,242.0	$1,159.0		$1,159.0
Cost of goods sold [1]	160.3	(0.5)	159.8	178.0		178.0	601.3	(0.5)	600.8	549.6		549.6
Selling, general and administrative expenses [2]	188.4	(4.4)	184.0	185.2	(1.4)	183.8	578.1	(8.3)	569.8	554.1	(6.2)	547.9
Bad debt expense	1.6		1.6	3.1		3.1	9.3		9.3	8.9		8.9
Depreciation and amortization	9.5		9.5	9.2		9.2	28.6		28.6	30.3		30.3
Asset impairments [3]	-		-	6.9	(6.9)	-	-		-	6.9	(6.9)	-
Total operating costs and expenses	359.8	(4.9)	354.9	382.4	(8.3)	374.1	1,217.3	(8.8)	1,208.5	1,149.8	(13.1)	1,136.7
Operating income (loss)	($23.6)	$4.9	($18.7)	($16.4)	$8.3	($8.1)	$24.7	$8.8	$33.5	$9.2	$13.1	$22.3
Interest expense, net	0.3		0.3	0.2		0.2	1.0		1.0	0.8		0.8
(Gain) loss on investments [4]	-		-	-		-	-		-	(2.2)		(2.2)
Provision (benefit) for income taxes	(8.4)	1.9	(6.5)	(9.4)	3.3	(6.1)	10.8	3.4	14.2	1.5	5.2	6.7
Earnings (loss) from continuing operations	($15.5)	$3.0	($12.5)	($7.2)	$5.0	($2.2)	$12.9	$5.4	$18.3	$9.1	$7.9	$17.0
Earnings (loss) from discontinued operations, net of tax	0.1		0.1	(1.8)		(1.8)	0.0		0.0	(2.6)		(2.6)
Net Income (loss)	($15.4)	$3.0	($12.4)	($9.0)	$5.0	($4.0)	$12.9	$5.4	$18.3	$6.5	$7.9	$14.4
Earnings (loss) per diluted share from continuing operations	(0.45)	0.09	(0.36)	(0.21)	0.15	(0.06)	0.36	0.15	0.51	0.26	0.22	0.48
Earnings (loss) per diluted share from discontinued operations, net of tax	0.01		0.01	(0.05)		(0.05)	0.00		0.00	(0.07)		(0.07)
Earnings (loss) per diluted share	(0.44)	0.09	(0.35)	(0.26)	0.15	(0.11)	0.36	0.15	0.51	0.19	0.22	0.41

1. In the three and nine months ended February 28, 2017, the Company recognized pretax exit costs related to its software distribution business in Australia of $0.5.
2. In the three and nine months ended February 28, 2017, the Company recognized pretax severance expense as part of cost reduction programs of $4.4 and $8.3, respectively. In the three and nine months ended February 29, 2016, the Company recognized pretax severance expense as part of cost reduction programs of $1.4 and $4.3, respectively. In the nine months ended February 29, 2016, the Company recognized a pretax charge related to a warehouse optimization project in the Company's book fairs operations of $1.5 and pretax transaction costs of $0.4.
3. In the three and nine months ended February 29, 2016, the Company recognized pretax impairment charges related to certain legacy prepublication assets of $6.9.
4. In the nine months ended February 29, 2016, the Company recognized a pretax gain on sale of investment of $2.2 related to an investment in China.

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Segment Results

In $ Millions (except per share)	Third Quarter 2017			Third Quarter 2016			Fiscal Year to Date 2017			Fiscal Year to Date 2016		
	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	$60.3		$60.3	$72.5		$72.5	$176.3		$176.3	$200.9		$200.9
Book Fairs	89.5		89.5	90.3		90.3	328.4		328.4	334.3		334.3
Consolidated Trade	49.2		49.2	57.0		57.0	264.6		264.6	166.0		166.0
Total revenue	199.0		199.0	219.8		219.8	769.3		769.3	701.2		701.2
Operating income (loss) [1]	6.3	-	6.3	8.2	-	8.2	91.2	-	91.2	62.6	1.5	64.1
Operating margin	3.2%		3.2%	3.7%		3.7%	11.9%		11.9%	8.9%		9.1%
Education												
Revenue	60.1		60.1	63.9		63.9	186.4		186.4	186.7		186.7
Operating income (loss) [2]	3.5	-	3.5	(2.4)	6.9	4.5	7.8	-	7.8	3.7	6.9	10.6
Operating margin	5.8%		5.8%	-		7.0%	4.2%		4.2%	2.0%		5.7%
International												
Revenue	77.1		77.1	82.3		82.3	286.3		286.3	271.1		271.1
Operating income (loss) [3]	(3.9)	0.5	(3.4)	(1.7)	0.2	(1.5)	16.5	0.7	17.2	7.1	0.2	7.3
Operating margin	-		-	-		-	5.8%		6.0%	2.6%		2.7%
Overhead expense [4]	$29.5	($4.4)	$25.1	$20.5	($1.2)	$19.3	$90.8	($8.1)	$82.7	$64.2	($4.5)	$59.7
Operating income (loss)	($23.6)	$4.9	($18.7)	($16.4)	$8.3	($8.1)	$24.7	$8.8	$33.5	$9.2	$13.1	$22.3

1. In the nine months ended February 29, 2016, the Company recognized a pretax charge related to a warehouse optimization project in the Company's book fairs operations of $1.5.
2. In the three and nine months ended February 29, 2016, the Company recognized a pretax impairment charge associated with certain legacy prepublication assets of $6.9.
3. In the three and nine months ended February 28, 2017, the Company recognized pretax exit costs related to its software distribution business in Australia of $0.5. In the nine months ended February 28, 2017, the Company recognized pretax severance expense as part of cost reduction programs of $0.2. In the three and nine months ended February 29, 2016, the Company recognized pretax severance expense as part of cost reduction programs of $0.2.
4. In the three and nine months ended February 28, 2017, the Company recognized pretax severance expense as part of cost reduction programs of $4.4 and $8.1, respectively. In the three and nine months ended February 29, 2016, the Company recognized pretax severance expense as part of cost reduction programs of $1.2 and $4.1, respectively. In the nine months ended February 29, 2016, the Company recognized pretax transaction costs of $0.4.

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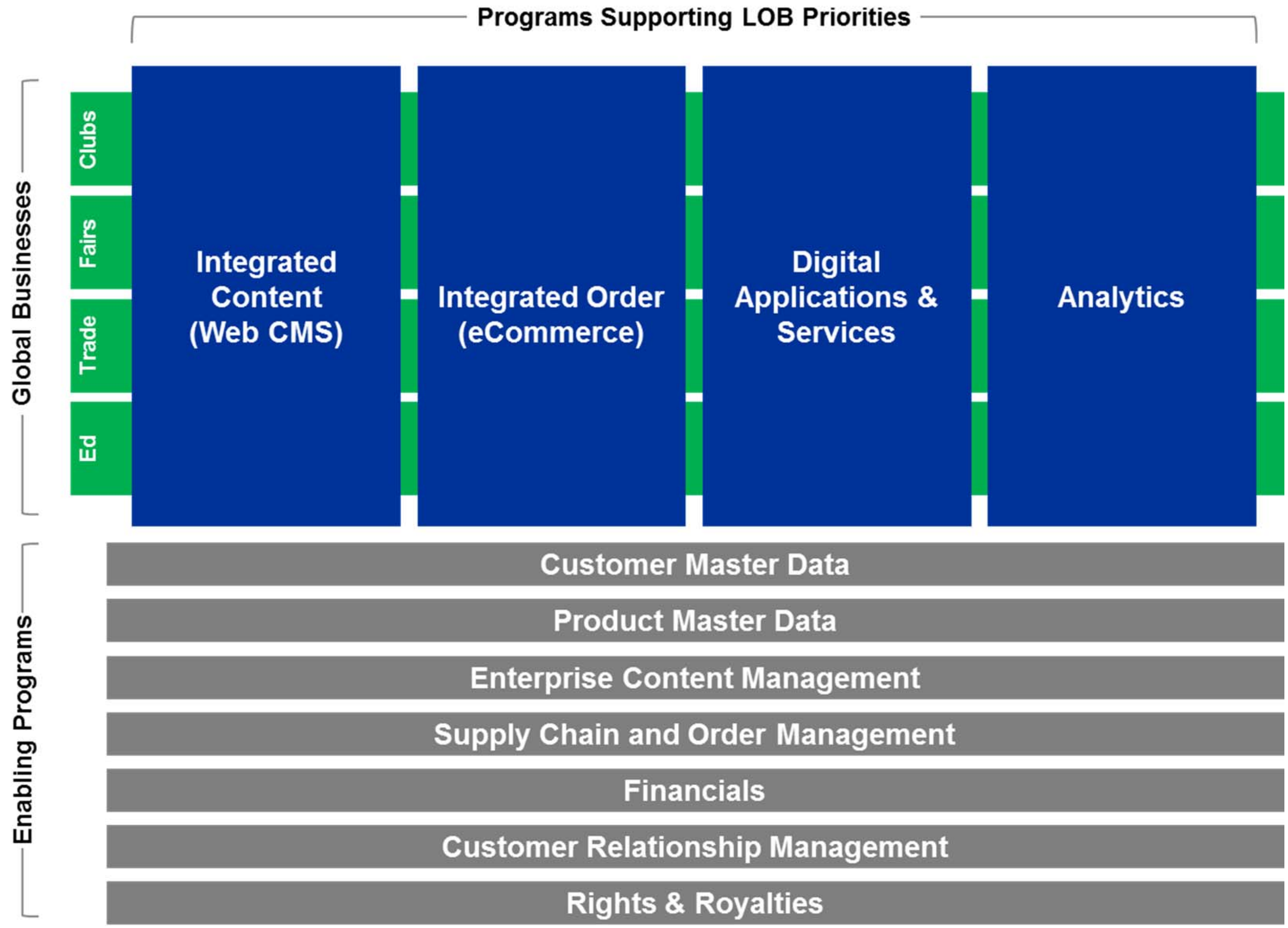
Strategic Technology Transformation



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Cost Savings Initiatives

- Achieved $20 MM in annualized cost savings to offset the income related to the transitional service agreement with HMH that expired in July.
- Savings reflected within segment operating income rather than in corporate overhead.
- Partially offsetting these savings is the impact of our wage improvement programs at our warehouse, distribution and customer service centers of approximately $10-$15 MM on an annualized basis.
- Wage rate re-alignment showing benefits with lower employee turnover at our shared services centers and retention of seasoned book fairs drivers that helped avoid having to use expensive temporary drivers in the peak season.

Free Cash Flow & Net Debt

In $ Millions	Feb 28, 2017	Feb 29, 2016
Free cash flow (use) (3 month period ending)[1]	$16.6	$9.6
Free cash flow (use) (9 month period ending)[1]	$58.3	($191.8)
Accounts receivable, net	$172.4	$188.1
Inventories, net	$351.2	$333.1
Accounts payable	$194.2	$196.4
Accrued royalties	$87.5	$52.8
Total debt	$5.8	$8.2
Cash and cash equivalents	$461.8	$351.9
Net debt[2]	($456.0)	($343.7)

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 .

FY 2017 Outlook Affirmed

Metric	Guidance
Revenue	**$1.7 - $1.8** billion
Earnings from Continuing Operations [1]	**$1.60 - $1.70** per diluted share
Free Cash Flow	**$40 - $50** million
Capital Expenditures	**$70 - $80** million
Prepublication/Production Spending	**$30 - $40** 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.

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Questions & Answers

Participants

- Richard Robinson
- Maureen O’Connell
- Judy Newman, School Book Clubs and E-Commerce
- Ellie Berger, Trade Group

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