2nd QUARTER FY 2018 EARNINGS CALL PRESENTATION

THURSDAY DECEMBER 14, 2017

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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.

Richard Robinson

Chief Executive Officer, President
and Chairman

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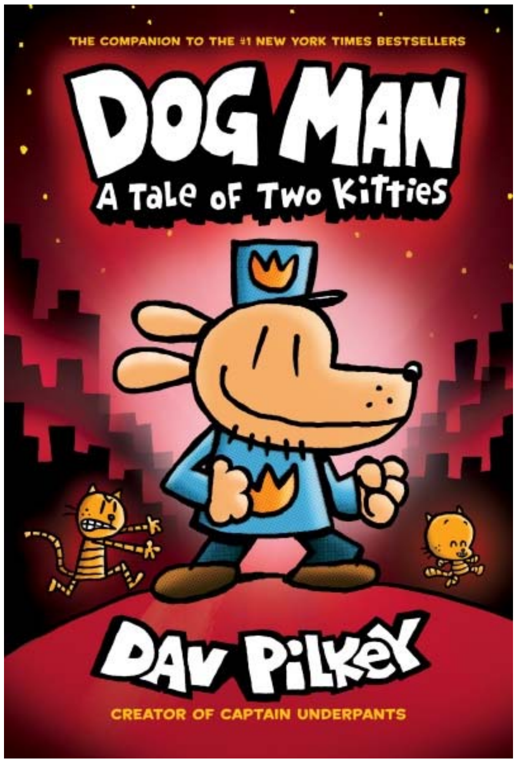
Second Quarter 2018 Highlights



- Results solidly in line with expectations and demonstrated progress in core businesses
- *Clubs* and *Fairs* up in profitability despite lost revenues from hurricanes in Texas and Florida
- Strong performance of *Trade* titles led by Dav Pilkey's Dog Man
- Continuing investment in *Education* in new publishing and added sales positions
- *Scholastic 2020* growth and profitability initiatives on track
- Reaffirming full year guidance for FY2018

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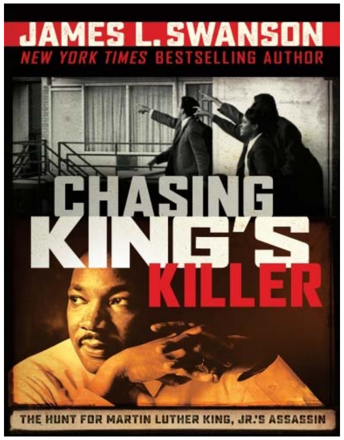
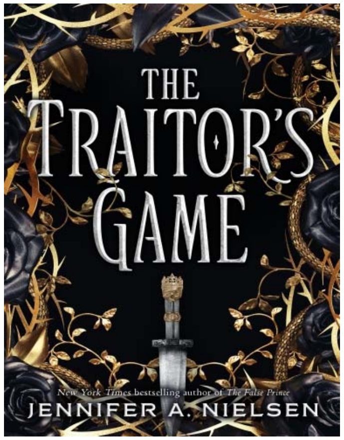
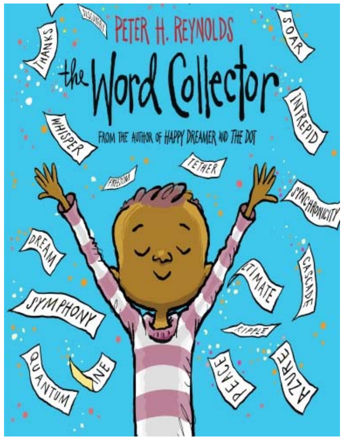
Children’s Book Publishing and Distribution

- **Trade** sales up on strong core publishing excluding the impact of the new Harry Potter publishing last year; growing excitement around upcoming spring publishing list
- Celebrating 20th anniversary of **Harry Potter** in 2018 with major promotional retail events planned for July and September
- **Book Clubs** profitability improved on lower revenues driven by cost savings and process improvements, including digital marketing initiatives
- **Book Fairs** on plan with higher revenue per fair atop successful strategy to better match fair offerings – book selection, fair mix, number of titles – with needs of the school







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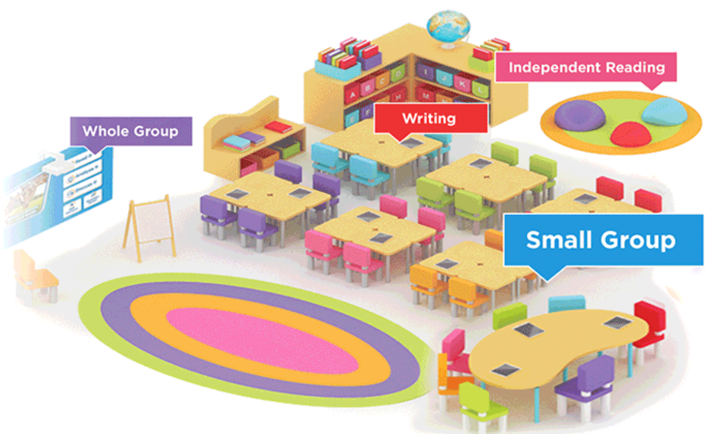
Education

EDGE



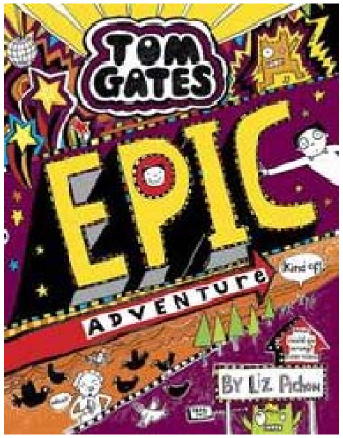
EDWEEK Market Brief
PK-12 Insights for Business & School Leaders

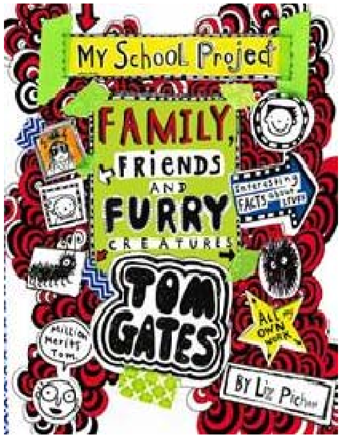
Scholastic Ranks Highest

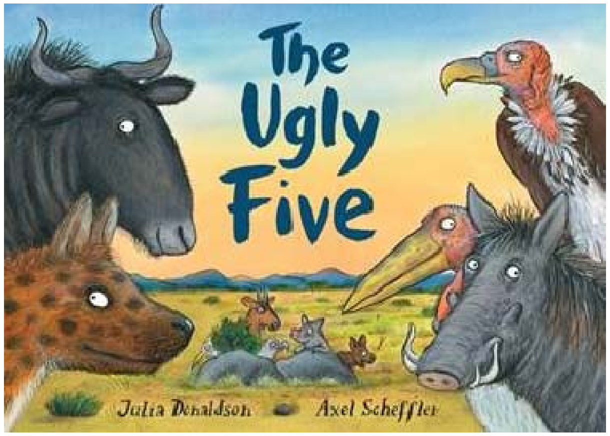
- Scholastic ranked highest among four major education companies in ***2017 EdWeek Market Brief*** survey of teachers and district leaders
- Expanding efforts to take market share with new publishing and expanded sales teams as customers shift to customizable core literacy curriculum and away from basal textbooks
- New **Scholastic EDGE** to launch in spring 2018 – a ground-breaking leveling system providing strategic supports for striving readers
- Investments in new products including grammar, writing and usage programs, and digital phonics program
- Appointed new marketing and publishing leaders to advance strategic growth plan

International

- Strong trade publishing businesses in the major markets – Canada, UK, and Australia/New Zealand
- Focus on the increasing needs for English language learning products in Asia
- Initiated several strategic changes in direct-to-consumer business in Asia with new leadership in India, Thailand and Indonesia
- Re-focusing sales teams from door-to-door selling to high traffic malls
- Developing new products that build on already well-received and effective learning programs, including new digital offerings that will launch in 2018







Scholastic 2020 Update

- Three-year plan to substantially increase operating income and improve organizational effectiveness
- Seeks better information to support more effective marketing to drive sales growth <u>and</u> more efficient business processes to lower cost of operations
- Scholastic 2020 beginning to deliver increasing value to business units:
  - Marketing automation and ecommerce improvements in book clubs helped improve profitability
  - Piloting new POS system, along with a digital wallet feature, in fairs to improve participation and revenue per fair
  - Initial deployment of new CRM platform in book fairs and education, enabling sales and support teams to access more robust customer data and manage pipeline opportunities
  - Completing the migration of all 24 digital classroom magazines to a single platform
  - All digital education and subscription products now operating on new digital manager platform, allowing teachers to set-up classrooms and enabling our sales teams to package products in response to district needs
  - New fleet management and in-bound freight modules now live on new Oracle Transportation Management platform

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Real Estate Update

- Nearing completion of office build-out in SoHo
- Employees have relocated back to the building after 18 months of renovations
- Hired leading independent real estate specialist firm to market 42,500 sq. ft. of retail space at 555/557 Broadway location

Kenneth Cleary

Chief Financial Officer

Income Statement

In $ Millions (except per share)	Second Quarter 2018			Second Quarter 2017			Fiscal Year to Date 2018			Fiscal Year to Date 2017		
	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	$598.3	$0.0	$598.3	$623.1	$0.0	$623.1	$787.5	$0.0	$787.5	$905.8	$0.0	$905.8
Cost of goods sold	253.6	-	253.6	271.3	-	271.3	369.2	-	369.2	441.0	-	441.0
Selling, general and administrative expenses [1]	222.7	(3.7)	219.0	225.3	(3.9)	221.4	379.6	(5.3)	374.3	388.4	(3.9)	384.5
Bad debt expense	4.3	-	4.3	4.8	-	4.8	6.2	-	6.2	7.7	-	7.7
Depreciation and amortization	10.5	-	10.5	9.6	-	9.6	20.4	-	20.4	19.1	-	19.1
Asset impairments [2]	-	-	-	-	-	-	6.7	(6.7)	-	-	-	-
Total operating costs and expenses	491.1	(3.7)	487.4	511.0	(3.9)	507.1	782.1	(12.0)	770.1	856.2	(3.9)	852.3
Operating income (loss)	$107.2	$3.7	$110.9	$112.1	$3.9	$116.0	$5.4	$12.0	$17.4	$49.6	$3.9	$53.5
Other components of net periodic (benefit) cost [3]	15.5	(15.4)	0.1	0.7	-	0.7	15.6	(15.4)	0.2	1.3	-	1.3
Interest (income) expense, net	-	-	-	0.4	-	0.4	(0.3)	-	(0.3)	0.7	-	0.7
Provision (benefit) for income taxes	34.6	7.7	42.3	43.1	1.5	44.6	(3.3)	11.0	7.7	19.2	1.5	20.7
Earnings (loss) from continuing operations	$57.1	$11.4	$68.5	$67.9	$2.4	$70.3	($6.6)	$16.4	$9.8	$28.4	$2.4	$30.8
Earnings (loss) from discontinued operations, net of tax	(0.0)	-	(0.0)	0.0	-	0.0	(0.0)	-	(0.0)	(0.1)	-	(0.1)
Net Income (loss)	$57.1	$11.4	$68.5	$67.9	$2.4	$70.3	($6.6)	$16.4	$9.8	$28.3	$2.4	$30.7
Earnings (loss) per diluted share from continuing operations	1.60	0.32	1.92	1.92	0.07	1.99	(0.19)	0.46	0.27	0.81	0.07	0.88
Earnings (loss) per diluted share from discontinued operations, net of tax	(0.00)	-	(0.00)	0.00	-	0.00	(0.00)	-	(0.00)	(0.01)	-	(0.01)
Earnings (loss) per diluted share	1.60	0.32	1.92	1.92	0.07	1.99	(0.19)	0.46	0.27	0.80	0.07	0.87

1. In the three and six months ended November 30, 2017, the Company recognized pretax severance and stock compensation charges of $3.7 and $5.3, respectively. In the three and six months ended November 30, 2016, the Company recognized pretax severance expense as part of cost reduction programs of $3.9.
2. In the six months ended November 30, 2017, the Company recognized a pretax impairment charge of $6.7 related to legacy building improvements.
3. In the three and six months ended November 30, 2017, the Company recognized a $15.4 pretax charge related to a partial settlement of the Company's domestic defined benefit pension plan.

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Segment Results

In $ Millions (except per share)	Second Quarter 2018			Second Quarter 2017			Fiscal Year to Date 2018			Fiscal Year to Date 2017		
	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	$99.9	$0.0	$99.9	$107.5	$0.0	$107.5	$107.9	$0.0	$107.9	$116.0	$0.0	$116.0
Book Fairs	231.0	-	231.0	226.5	-	226.5	243.1	-	243.1	238.9	-	238.9
Consolidated Trade	80.9	-	80.9	98.5	-	98.5	127.6	-	127.6	215.4	-	215.4
Total revenue	411.8	-	411.8	432.5	-	432.5	478.6	-	478.6	570.3	-	570.3
Operating income (loss)	115.1	-	115.1	121.1	-	121.1	56.2	-	56.2	84.9	-	84.9
Operating margin	28.0%		28.0%	28.0%		28.0%	11.7%		11.7%	14.9%		14.9%
Education												
Revenue	70.9	-	70.9	71.1	-	71.1	115.9	-	115.9	126.3	-	126.3
Operating income (loss)	3.8	-	3.8	8.7	-	8.7	(8.7)	-	(8.7)	4.3	-	4.3
Operating margin	5.4%		5.4%	12.2%		12.2%	-		-	3.4%		3.4%
International												
Revenue	115.6	-	115.6	119.5	-	119.5	193.0	-	193.0	209.2	-	209.2
Operating income (loss) [1]	14.7	-	14.7	16.7	0.2	16.9	11.9	-	11.9	20.9	0.2	21.1
Operating margin	12.7%		12.7%	14.0%		14.1%	6.2%		6.2%	10.0%		10.1%
Corporate overhead [2]	$26.4	($3.7)	$22.7	$34.4	($3.7)	$30.7	$54.0	($12.0)	$42.0	$60.5	($3.7)	$56.8
Operating income (loss)	$107.2	$3.7	$110.9	$112.1	$3.9	$116.0	$5.4	$12.0	$17.4	$49.6	$3.9	$53.5

1. In the three and six months ended November 30, 2016, the Company recognized pretax severance expense as part of cost reduction programs of $0.2.
2. In the three and six months ended November 30, 2017, the Company recognized pretax severance and stock compensation charges of $3.7 and $5.3, respectively. In the six months ended November 30, 2017, the Company recognized a pretax impairment charge of $6.7 related to legacy building improvements. In the three and six months ended November 30, 2016, the Company recognized pretax severance expense as part of cost reduction programs of $3.7.

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Free Cash Flow & Net Debt

In $ Millions	Nov 30, 2017	Nov 30, 2016
Free cash flow (use) (3 month period ending)[1]	$90.7	$164.1
Free cash flow (use) (6 month period ending)[1]	($40.3)	$41.7
Accounts receivable, net	$262.4	$281.6
Inventories, net	$355.7	$348.3
Accounts payable	$222.1	$216.4
Accrued royalties	$46.9	$71.4
Total debt	$11.3	$7.3
Cash and cash equivalents	$387.8	$442.9
Net debt[2]	($376.5)	($435.6)

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 , prepublication, 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.

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Fiscal 2018 Outlook - Affirmed

Metric	Guidance
Revenue	**$1.65 - $1.7** billion
Earnings from Continuing Operations [1]	**$1.20 - $1.30** per diluted share
Free Cash Use	**$10 - $20** million
Capital Expenditures	**$90 - $100** 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
- Kenneth Cleary
- Judy Newman, School Book Clubs and E-Commerce
- Ellie Berger, Trade Group
- Satbir Bedi, Chief Technology Officer

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