



SCHOLASTIC



FISCAL 2013 YEAR-END EARNINGS PRESENTATION
July 18, 2013



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.



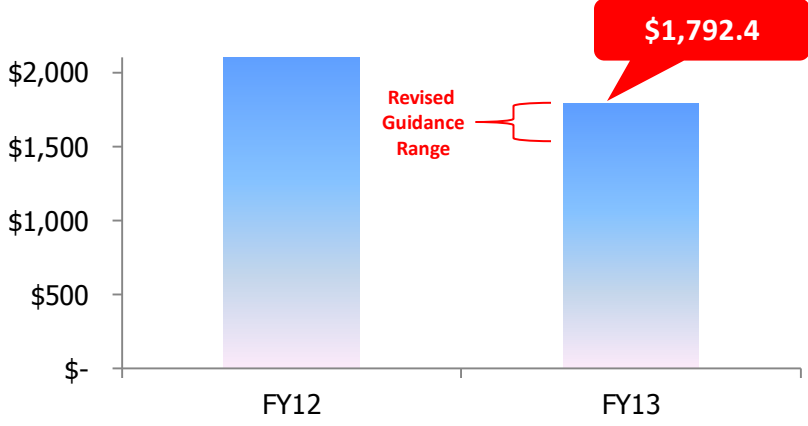
Dick Robinson

Chief Executive Officer, President
and Chairman

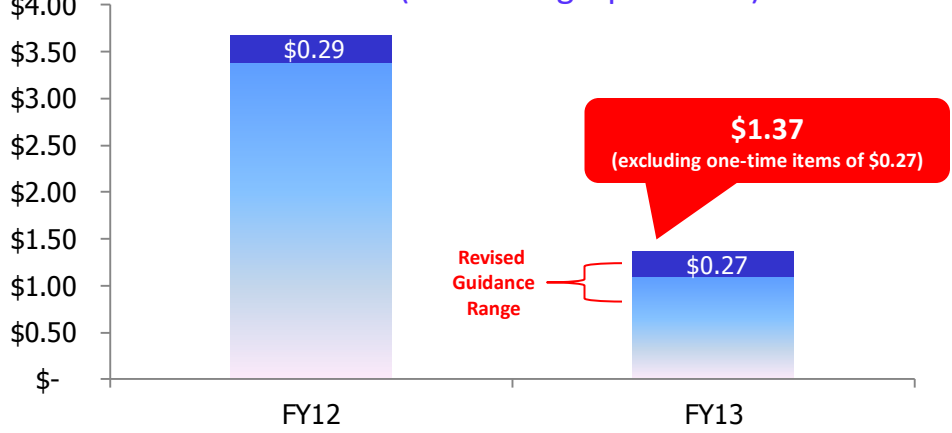


FY 2013 Financial Results – High End of Revised Guidance Range

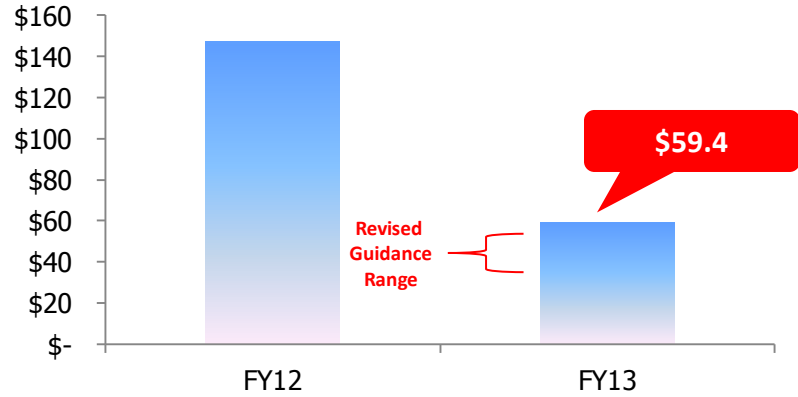
Revenue



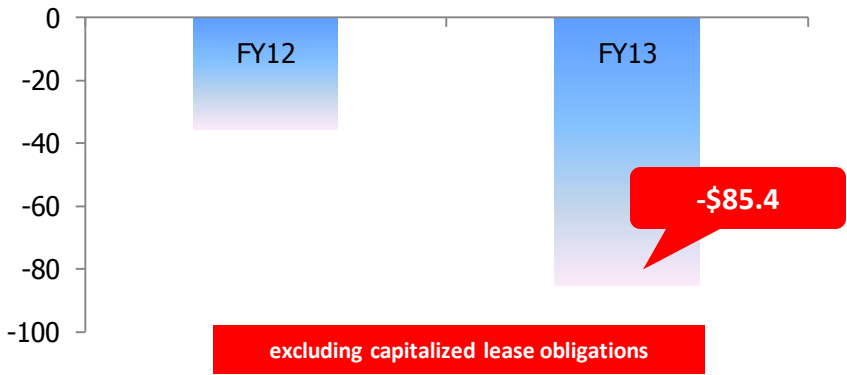
EPS (Continuing Operations)



Free Cash Flow



Net Debt





4th Quarter and Fiscal Year 2013 Highlights

- The Hunger Games sales declined compared to the trilogy's extraordinary performance in 2012
 - Trilogy remained on *The New York Times* bestseller list
- Stronger Education revenues in the second half of 2013
 - Strength in our customized classroom books and guided reading programs in the fourth quarter
 - Launched System 44[®] Next Generation and preparing to introduce four additional major new Ed Tech products during fiscal 2014



Education – Capitalizing on Significant Market Opportunities

- Schools are focused on implementing the Common Core State Standards
- Districts are looking for help to manage the significant transition to a changed curriculum
- Scholastic's education groups are collaborating on RFPs for total learning solutions
- We meet customer needs for customized print and digital curriculum packages and technology-based programs



Educational Technology – Transforming School Performance



August 2013



May 2013



July 2013



August 2013



July 2013

Five Major New Product Launches in FY2014

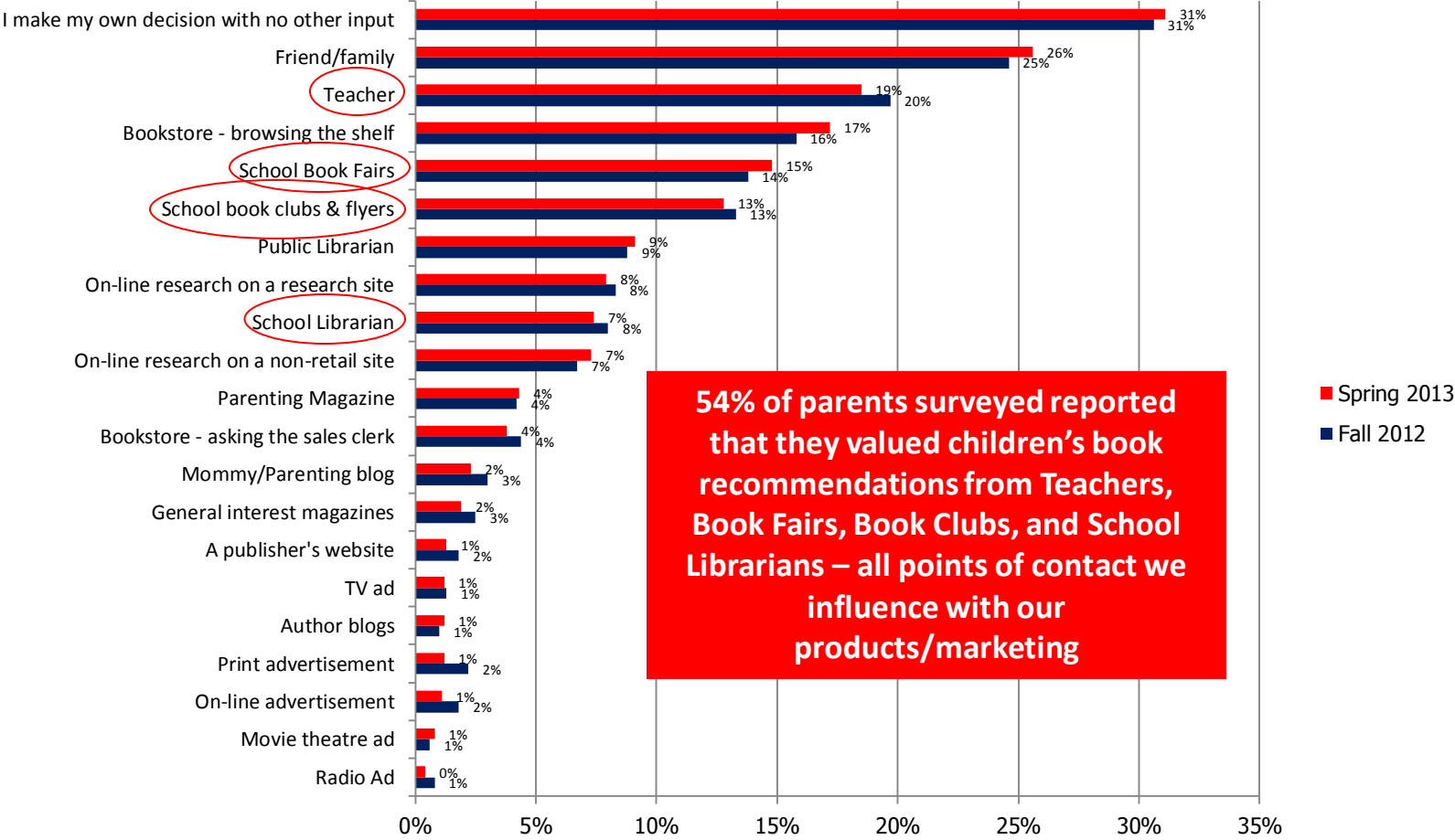


Children's Books – Readers Seek Scholastic's Curated Selection

- Scholastic and Storia® ideally situated as children's ereading develops
- Strong Trade sales as students prepare their summer reading lists
- Grade-specific marketing in Clubs well-aligned with Common Core
- Clubs and Fairs teams collaborating on sales and marketing programs

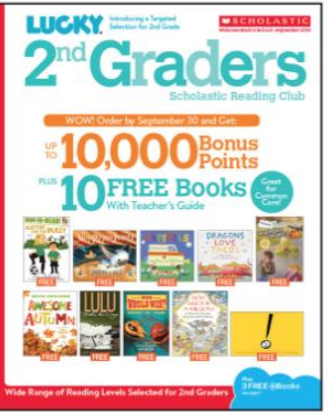
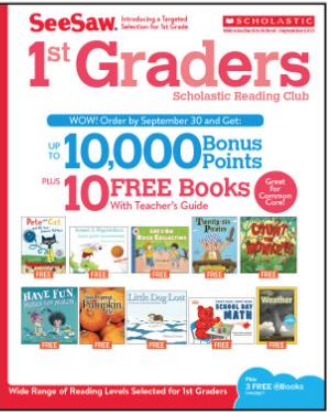
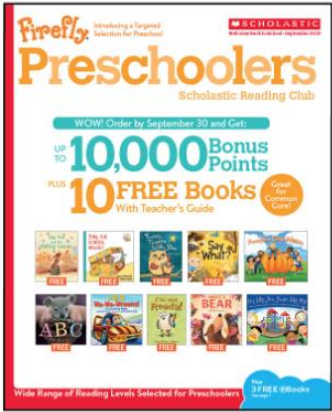


Sources of Recommendations – Ages 7 to 12

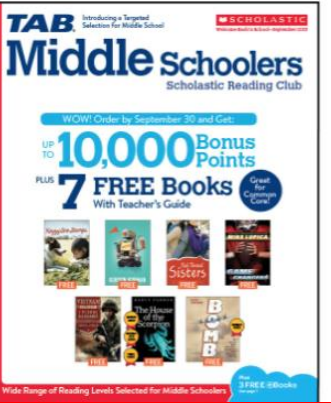
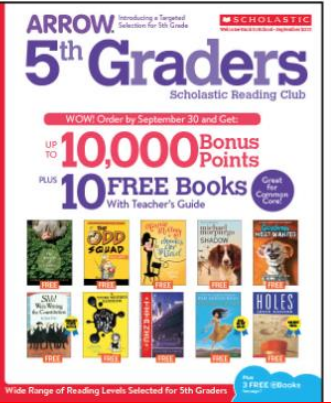
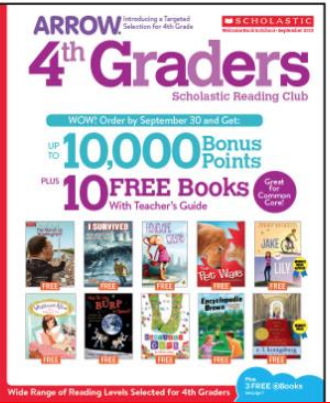
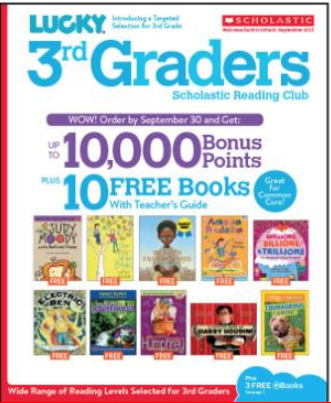


Newly Formatted Reading Club Flyers

New grade specific catalogs position Clubs well to activate & increase RPO



Grade specific catalogs are also well-aligned with Common Core



Coordination of Clubs & Fairs – linking independent reading and achievement

Award-Winning Storia — Focus on Content Delivery & Enhancements



Now with New Teacher
Dashboard for Classroom Use

- ⚡ Highly Curated eBooks
- ⚡ Learning Activities
- ⚡ Personalized Bookshelves
- ⚡ Storia Dictionary
- ⚡ Read-to-Me eBooks
- ⚡ Highlighter and Note-Taker
- ⚡ Reading Manager
- ⚡ Connectivity at Home



Connecting with Students, Parents and Teachers

- Continuous supply of best-selling titles and award-winning content with exciting line-up of new titles in fiscal 2014
- Industry leader in innovative multiplatform publishing
- Creating compelling programs to promote Hunger Games books ahead of the movie release of Catching Fire this fall
- New non-fiction titles to meet the need for Common Core-linked texts



Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and Chief Financial Officer



Income Statement

In \$ Millions (except per share data)	Fourth Quarter		Fiscal Year to Date	
	2013	2012	2013	2012
Revenues	\$506.9	\$676.6	\$1,792.4	\$2,139.1
Cost of goods sold	226.8	322.6	829.6	984.6
Selling, general and administrative expenses ¹	219.6	236.1	821.5	881.1
Bad debt expense	3.0	4.5	6.9	12.3
Depreciation and amortization	17.2	22.2	66.5	68.8
Loss on leases and asset impairments	-	-	-	7.0
Total operating costs and expenses	466.6	585.4	1,724.5	1,953.8
Operating income (loss) from continuing operations	\$40.3	\$91.2	\$67.9	\$185.3
Other income (loss)	(0.0)	(0.1)	(0.0)	(0.1)
Interest expense, net	3.0	3.9	14.5	15.5
Provision (benefit) for income taxes	12.5	26.9	17.6	61.6
Earnings (loss) from continuing operations	\$24.8	\$60.3	\$35.8	\$108.1
Loss from discontinued operations, net of tax	(3.3)	(3.3)	(4.7)	(5.7)
Net Income (loss)	\$21.5	\$57.0	\$31.1	\$102.4
Earnings (loss) per diluted share from continuing operations	0.76	1.86	1.10	3.39
Loss per share from discontinued operations, net of tax	(0.10)	(0.10)	(0.15)	(0.18)
Earnings (loss) per diluted share	0.66	1.76	0.95	3.21
One-time expenses (see note)	0.21	-	0.27	0.29
Earnings (loss) per diluted share from continuing operations, ex. one-times	0.97	1.86	1.37	3.68

¹ For the three and twelve months ended May 31, 2013, the Company recorded a pretax severance charge of \$6.6 and \$9.6, respectively, related to the Company's cost savings initiatives and a pretax charge of \$4.0 related to asset impairments. For the twelve months ended May 31, 2012, the Company recorded a pretax severance charge of \$9.3 for a voluntary retirement program.



Segment Results

In \$ Millions	Fourth Quarter		Fiscal Year to Date	
	2013	2012	2013	2012
Children's Book Publishing and Distribution				
Revenue	\$241.1	\$379.4	\$846.9	\$1,111.3
Operating income (loss) ¹	19.9	82.1	24.5	152.2
Educational Technology and Services				
Revenue	\$53.7	\$52.7	\$227.7	\$254.7
Operating income (loss)	2.9	1.7	29.5	49.2
Classroom and Supplemental Materials Publishing				
Revenue	\$83.7	\$65.6	\$218.0	\$208.2
Operating income (loss)	25.0	9.3	29.6	18.3
International				
Revenue	\$112.8	\$152.2	\$441.1	\$489.6
Operating income (loss) ²	10.3	26.8	39.8	57.6
Media, Licensing and Advertising				
Revenue	\$15.6	\$26.7	\$58.7	\$75.3
Operating income (loss)	4.7	(1.4)	4.7	(4.9)
Corporate overhead ³	\$22.5	\$27.3	\$60.2	\$87.1
Operating income (loss) from continuing operations	\$40.3	\$91.2	\$67.9	\$185.3

¹ For the three and twelve months ended May 31, 2013, the Company recorded a pretax charge of \$4.0 related to asset impairments.

² For 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 For the three and twelve months ended May 31, 2013, the Company recorded a pretax severance charge of \$4.6 and \$7.6, respectively, related to the Company's cost savings initiatives. For the twelve months ended May 31, 2012, the Company recorded a pretax severance charge of \$9.3 for a voluntary retirement program.



Free Cash Flow and Balance Sheet

In \$ Millions	May 31, 2013	May 31, 2012
Free cash flow (use) (12 month period ending) ¹	\$59.4	\$147.6
Accounts receivable, net	\$214.9	\$313.9
Inventories, net	\$278.1	\$295.3
Accounts payable	\$156.2	\$119.6
Accrued royalties	\$34.4	\$92.7
Total debt	\$2.0	\$159.3
Cash and cash equivalents	87.4	194.9
Net debt ²	(\$85.4)	(\$35.6)

¹ Free cash flow 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



Key Elements of Fiscal 2014 Outlook

Education – Addressing customer focus on digital solutions & implementation of Common Core aligned curriculum:

- Introduction of new Educational Technology products will drive growth
- Strong and growing demand for our customized programs in Classroom and Supplemental Materials Publishing

Children's Books – More opportunities to link independent reading to Common Core State standards:

- Aligning resources to serve customers in a more unified way
- Introducing grade-specific marketing in Book Clubs
- Book Club revenue expected to be flat compared to fiscal 2013
- Increased revenue per fair in School Book Fairs and new Trade titles expected to partially offset lower The Hunger Games trilogy sales
- Storia investments will now focus on content delivery & enhancements

Continuing to implement programs to enhance operating efficiency and align cost base with revenue growth expectations



FY 2014 Outlook – Expectations for Profitable Revenue Growth

Revenue	≈ \$1.8 billion
Earnings from Continuing Operations ¹	\$1.40 - \$1.80 per diluted share
Free Cash Flow	\$60 - \$80 million
Capital Expenditures	\$55 - \$65 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