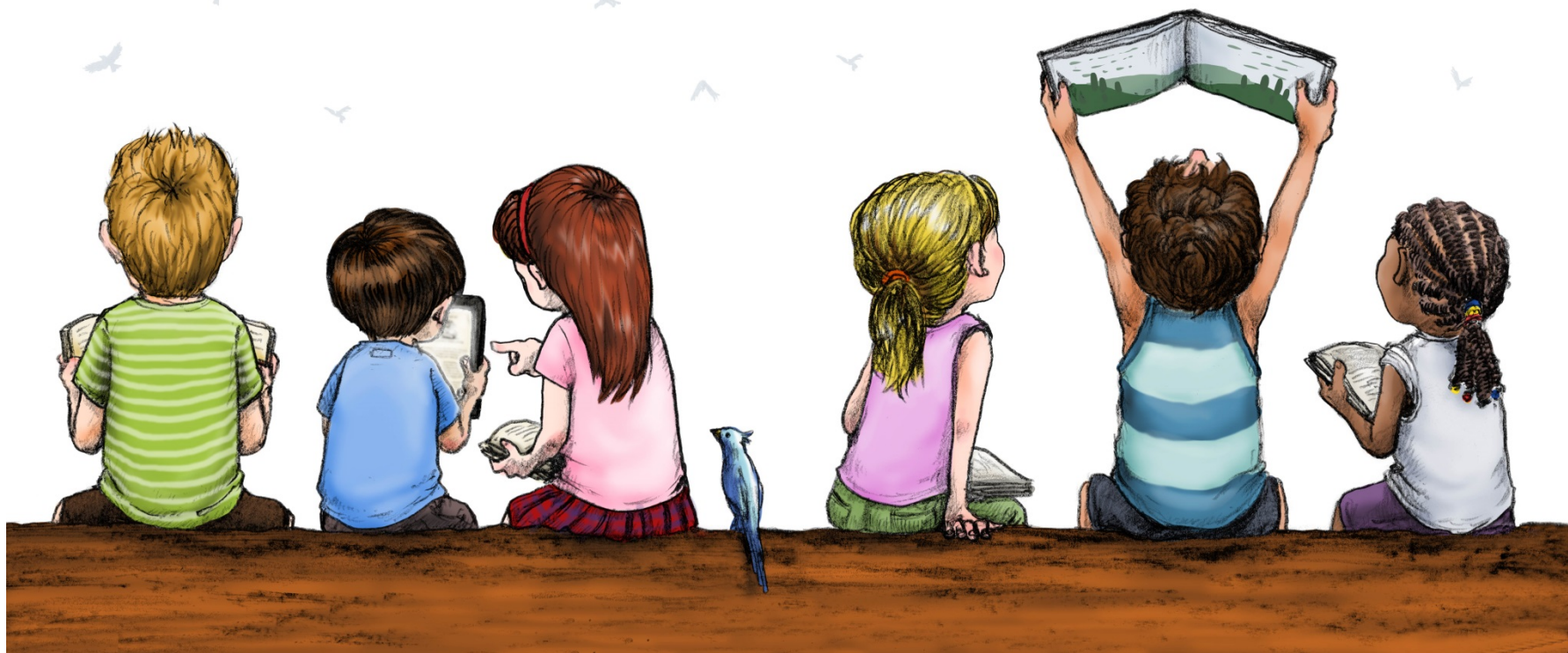




SECOND QUARTER FISCAL YEAR 2015 EARNINGS PRESENTATION

December 18, 2014





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



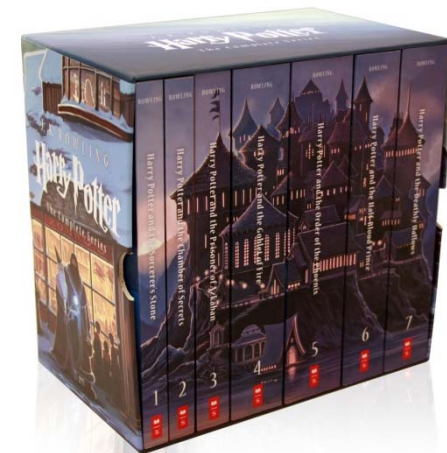
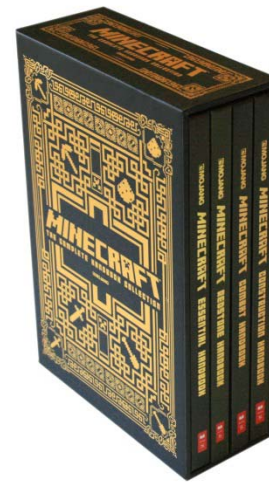
Second Quarter 2015 Results

- **Revenues increased by \$42.4 million, or +7%, to \$665.6 million**
 - Gains in Clubs (+33%), Fairs (+8%), Trade (+6%), Classroom Books and Magazines (+6%) and Media (+6%).
 - Lower Educational Technology revenues (-16%) compared to last year, when five new products were introduced; Math Solutions up (+9%) in quarter.
 - International units down (-2%) including effect of unfavorable foreign exchange – most markets had revenue growth in local currency terms.
- **Operating income grew by \$18.1 million, or +19%, to \$112.8 million**
 - Excluding one-time items, operating income was up +6%.
- **Generated free cash flow of \$125.7 million in quarter**
 - Repaid \$94.7 million of debt, distributed \$5.1 million in dividends, and repurchased \$3.5 million of stock.



Children's Books

- Book Clubs – new marketing initiatives implemented in the second half of last year continued to drive order volume
 - Revised mix of grade-specific and “classic” offers
 - New kid-friendly merchandise and promotions
 - Restructured teacher rewards program tied to higher spending
- Book Fairs – strong support for independent reading driving increased fair count and higher revenue per fair
- Trade – high-quality, engaging and award-winning children’s titles driving higher sales
 - Minecraft Handbook series
 - *Sisters* (and backlist *Smile*) by Raina Telgemeier
 - Harry Potter





Classroom Books and Supplemental Materials

- Classroom magazine circulation up +8% to over 13.6 million subscriptions; bringing Common Core-connected non-fiction into the classroom
 - Print and online formats
 - Driven by *Scholastic News*®, *Storyworks*® and *Scope*®
- Customized classroom book collections and guided reading programs revenues up in quarter
 - Progressively building vocabulary and comprehension skills
 - Key tools teachers rely on for small group instruction
 - New edition of “all-in-one” bookroom resource
- Segment operating income increased +9% over prior year period





Education Technology and Services

- New sales initiatives are gaining traction
 - Building our sales force and expanding the number of territories that we can address
 - Expect improvement in the second half
- Recognized leader in intervention that helps all students achieve academic success
- Strong and growing foothold in Math
 - Math Solutions revenue up 9%
 - *MATH 180*[®] Course 2, concentrated on algebra readiness, scheduled for fiscal year-end release





International

- Solid local currency sales growth in Australia, Asia-Pacific Region and India
- Building significant capacity in publishing in Asia both for local and global markets
- Continue to grow consumer books – both direct sales and trade – in Asia, where revenues now exceed \$100 million annually
- UK's Chicken House imprint performed well on the strength of its frontlist, including the top-selling *The Maze Runner*
- Adverse foreign exchange impact of \$5.4 million on revenues in quarter due to the strengthening U.S. dollar





Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and CFO



Income Statement – Adjusted Earnings Per Share

In \$ Millions (except per share)	Second Quarter 2015			Second Quarter 2014			Fiscal Year to Date 2015			Fiscal Year to Date 2014		
	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	\$665.6		\$665.6	\$623.2		\$623.2	\$949.4		\$949.4	\$899.5	
Cost of goods sold	288.7	-	288.7	264.8		264.8	438.9	-	438.9	402.7		402.7
Selling, general and administrative expenses ^{1 2}	244.0	(4.6)	239.4	231.9	(5.5)	226.4	415.3	(5.8)	409.5	398.9	(7.5)	391.4
Bad debt expense	4.2	-	4.2	2.5		2.5	6.4		6.4	3.9		3.9
Depreciation and amortization	13.0	-	13.0	15.9		15.9	26.5		26.5	31.8		31.8
Asset impairments ³	2.9	(2.9)	-	13.4	(13.4)	-	2.9	(2.9)	-	13.4	(13.4)	-
Total operating costs and expenses	552.8	(7.5)	545.3	528.5	(18.9)	509.6	890.0	(8.7)	881.3	850.7	(20.9)	829.8
Operating income (loss) from continuing operations	\$112.8	\$7.5	\$120.3	\$94.7	\$18.9	\$113.6	\$59.4	\$8.7	\$68.1	\$48.8	\$20.9	\$69.7
Interest expense, net	1.0		1.0	2.1		2.1	1.9		1.9	4.0		4.0
(Gain) on investments ⁴	(0.6)	0.6	-	-		-	(0.6)	0.6	-	-		-
Provision (benefit) for income taxes	43.8	2.8	46.6	34.3	7.7	42.0	23.5	3.3	26.8	16.6	8.4	25.0
Earnings (loss) from continuing operations	\$68.6	\$4.1	\$72.7	\$58.3	\$11.2	\$69.5	\$34.6	\$4.8	\$39.4	\$28.2	\$12.5	\$40.7
Earnings (loss) from discontinued operations, net of tax	(0.1)		(0.1)	0.0		0.0	(0.2)		(0.2)	0.2		0.2
Net Income (loss)	\$68.5	\$4.1	\$72.6	\$58.3	\$11.2	\$69.5	\$34.4	\$4.8	\$39.2	\$28.4	\$12.5	\$40.9
Earnings (loss) per diluted share from continuing operations	2.06	0.12	2.18	1.80	0.35	2.15	1.04	0.14	1.18	0.87	0.39	1.26
Earnings (loss) per diluted share from discontinued operations, net of tax	(0.01)		(0.01)	0.00		0.00	(0.00)		(0.00)	0.01		0.01
Earnings (loss) per diluted share	2.05	0.12	2.17	1.80	0.35	2.15	1.04	0.14	1.18	0.88	0.39	1.27

1. In the three and six months ended November 30, 2014, the Company recognized pretax severance charges of \$0.9 and \$2.1, respectively, related to the Company's cost savings initiatives. In the three and six months ended November 30, 2013, the Company recognized pretax severance charges of \$5.5 and \$7.5, respectively, related to the Company's cost savings initiatives.
2. In the three and six months ended November 30, 2014, the Company recognized a pretax pension settlement charge of \$3.7.
3. In the three and six months ended November 30, 2014, the Company recognized a pretax impairment charge related to the planned closure of its retail store of \$2.9. In the three and six months ended November 30, 2013, the Company recognized a pretax goodwill impairment charge of \$13.4 in the Children's Book Publishing and Distribution segment.
4. In the three and six months ended November 30, 2014, the Company recognized a pretax gain on sale of investment of \$0.6 related to a UK-based cost-method investment.



Segment Results – Adjusted for One-Time Items

In \$ Millions (except per share)	Second Quarter 2015			Second Quarter 2014			Fiscal Year to Date 2015			Fiscal Year to Date 2014		
	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	\$129.6		\$129.6	\$97.4		\$97.4	\$138.0		\$138.0	\$103.6		\$103.6
Book Fairs	217.4		217.4	202.2		202.2	229.2		229.2	212.9		212.9
Consolidated Trade	55.6		55.6	52.5		52.5	90.1		90.1	90.2		90.2
Total revenue	402.6		402.6	352.1		352.1	457.3		457.3	406.7		406.7
Operating income (loss) ¹	108.3	-	108.3	68.9	13.4	82.3	47.8	-	47.8	7.4	13.4	20.8
	26.9%		26.9%	19.6%		23.4%	10.5%		10.5%	1.8%		5.1%
Educational Technology and Services												
Revenue	50.9		50.9	60.9		60.9	140.3		140.3	155.7		155.7
Operating income (loss)	(1.2)		(1.2)	6.9		6.9	29.1		29.1	43.1		43.1
	-		-	11.3%		11.3%	20.7%		20.7%	27.7%		27.7%
Classroom and Supplemental Materials Publishing												
Revenue	64.8		64.8	60.9		60.9	107.6		107.6	98.7		98.7
Operating income (loss)	12.7		12.7	11.6		11.6	11.8		11.8	9.7		9.7
	19.6%		19.6%	19.0%		19.0%	11.0%		11.0%	9.8%		9.8%
International												
Revenue	132.8		132.8	135.6		135.6	219.1		219.1	214.3		214.3
Operating income (loss) ⁵	19.9	-	19.9	22.2	-	22.2	18.0	-	18.0	21.5	0.6	22.1
	15.0%		15.0%	16.4%		16.4%	8.2%		8.2%	10.0%		10.3%
Media, Licensing and Advertising												
Revenue	14.5		14.5	13.7		13.7	25.1		25.1	24.1		24.1
Operating income (loss)	(0.7)		(0.7)	(1.3)		(1.3)	(4.2)		(4.2)	(2.9)		(2.9)
	-		-	-		-	-		-	-		-
Corporate overhead ^{2 3 4}	\$26.2	(\$7.5)	\$18.7	\$13.6	(\$5.5)	\$8.1	\$43.1	(\$8.7)	\$34.4	\$30.0	(\$6.9)	\$23.1
Operating income (loss) from continuing operations	\$112.8	\$7.5	\$120.3	\$94.7	\$18.9	\$113.6	\$59.4	\$8.7	\$68.1	\$48.8	\$20.9	\$69.7

- In the three and six months ended November 30, 2013, the Company recognized a pretax goodwill impairment charge of \$13.4 in the Children's Book Publishing and Distribution segment.
- In the three and six months ended November 30, 2014, the Company recognized pretax severance charges of \$0.9 and \$2.1, respectively, related to the Company's cost savings initiatives. In the three and six months ended November 30, 2013, the Company recognized pretax severance charges of \$5.5 and \$6.9, respectively, related to the Company's cost savings initiatives.
- In the three and six months ended November 30, 2014, the Company recognized a pretax pension settlement charge of \$3.7.
- In the three and six months ended November 30, 2014, the Company recognized a pretax impairment charge related to the planned closure of its retail store of \$2.9.
- In the six months ended November 30, 2013, the Company recognized a pretax severance charge in its International segment of \$0.6 related to cost savings initiatives.



Free Cash Flow and Balance Sheet

In \$ Millions	Nov 30, 2014	Nov 30, 2013
Free cash flow (3 month period ending) ¹	\$ 125.7	\$ 129.4
Free cash flow (6 month period ending) ¹	\$ 48.8	\$ 35.6
Accounts receivable, net	\$ 287.6	\$ 286.4
Inventories, net	\$ 346.5	\$ 342.3
Accounts payable	\$ 183.6	\$ 196.0
Accrued royalties	\$ 41.9	\$ 41.8
Total debt	\$ 104.2	\$ 9.6
Cash and cash equivalents	\$ 42.9	\$ 117.2
Net Debt ²	\$ 61.3	(\$107.6)

- 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.
- 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.



Affirmed FY 2015 Outlook

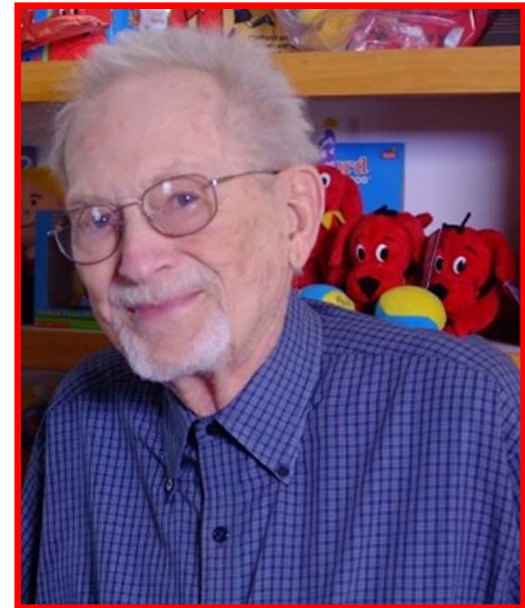
Revenue	≈ \$1.9 billion
Earnings from Continuing Operations ¹	\$1.80 - \$2.00 per diluted share
Free Cash Flow	\$65 - \$85 million
Capital Expenditures	\$45 - \$55 million
Prepublication / Production Spending	\$65 - \$75 million

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



In Memoriam: Norman Bridwell (1928 – 2014)

- Norman Bridwell created the character of Clifford in 1963 and went on to write and illustrate more than 150 titles, all published by Scholastic, that now boast 129 million books in print in 13 languages.
- In 2000, everyone's favorite BIG red dog made his television debut on PBS Kids and the animated series quickly became one of the network's biggest children's hits.
- Before his death, Bridwell had completed two more Clifford books which will be released in 2015: *Clifford Goes to Kindergarten* in May and *Clifford Celebrates Hanukkah* in October.



“He’s red and he’s warm. Clifford does what you’d like to do but can’t. Because Clifford is so big and also because he’s a dog, he’s able to do the most unbelievable and imaginative things.”

Norman Bridwell

First Published in 1963, Bridwell's Clifford the Big Red Dog® Series Has 129 Million Books in Print, an Emmy® Award-Winning Television Series, a Motion Picture and More



Questions & Answers

Participants

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



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POSSIBLE