



SCHOLASTIC

**Fiscal 2008 Second Quarter Earnings Presentation
December 20, 2007**



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.



Dick Robinson

Chief Executive Officer, President
and Chairman



Long-Term Profitable Growth

- Improving efficiencies and leveraging on-line in Children's Books
- Expanding penetration of market-leading educational technology and service
- Driving profitable growth in strategic areas
- Reducing overhead costs



Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and
Chief Financial Officer



Segment Results

\$M		2Q08	2Q07
Children's Book Publishing & Distribution	Revenue	\$431.3	\$442.7
	School book clubs	155.3	165.8
	School book fairs	172.5	170.0
	Trade	58.2	52.2
	Continuities	45.3	54.7
	Operating income	99.7	99.6
Educational Publishing	Revenue	\$99.6	\$97.2
	Operating income	12.5	17.1
International	Revenue	\$157.6	\$139.0
	Operating income	24.2	19.8
Media, Licensing & Advertising	Revenue	\$57.7	\$56.6
	Operating income	10.9	9.2
Corporate Overhead	Expense	\$17.1	\$19.3



Key Financial Results

M (except per share)	2Q08	2Q07
Revenue	\$746.2	\$735.5
Cost of goods sold	318.1	323.1
Selling, general & administrative expenses	264.1	250.5
Bad debt expense	17.5	19.5
Operating income	130.2	126.4
Net income	75.6	75.1
Earnings per diluted share	\$1.93	\$1.75
Fully diluted share count	39.1	42.8
Free cash flow ¹	\$299.2	\$101.5
Net debt ²	226.5	343.5

¹ Free cash flow is defined by the Company as net cash provided by or used in operating activities, less spending on PP&E, prepublication and production costs, and royalty advances. ²Net debt is defined by the Company as lines of credit, short-term debt plus long-term-debt, less cash and cash equivalents as of November 30, 2007 and 2006.



FY08 Outlook

Revenue \$2.3 to \$2.5 billion

Earnings \$2.35 to \$2.85 per diluted share

**Capital
Expenditures** \$70 to \$80 million

**Prepublication and
Production Spending** \$75 to \$85 million

Free Cash Flow \$80 to \$100 million



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