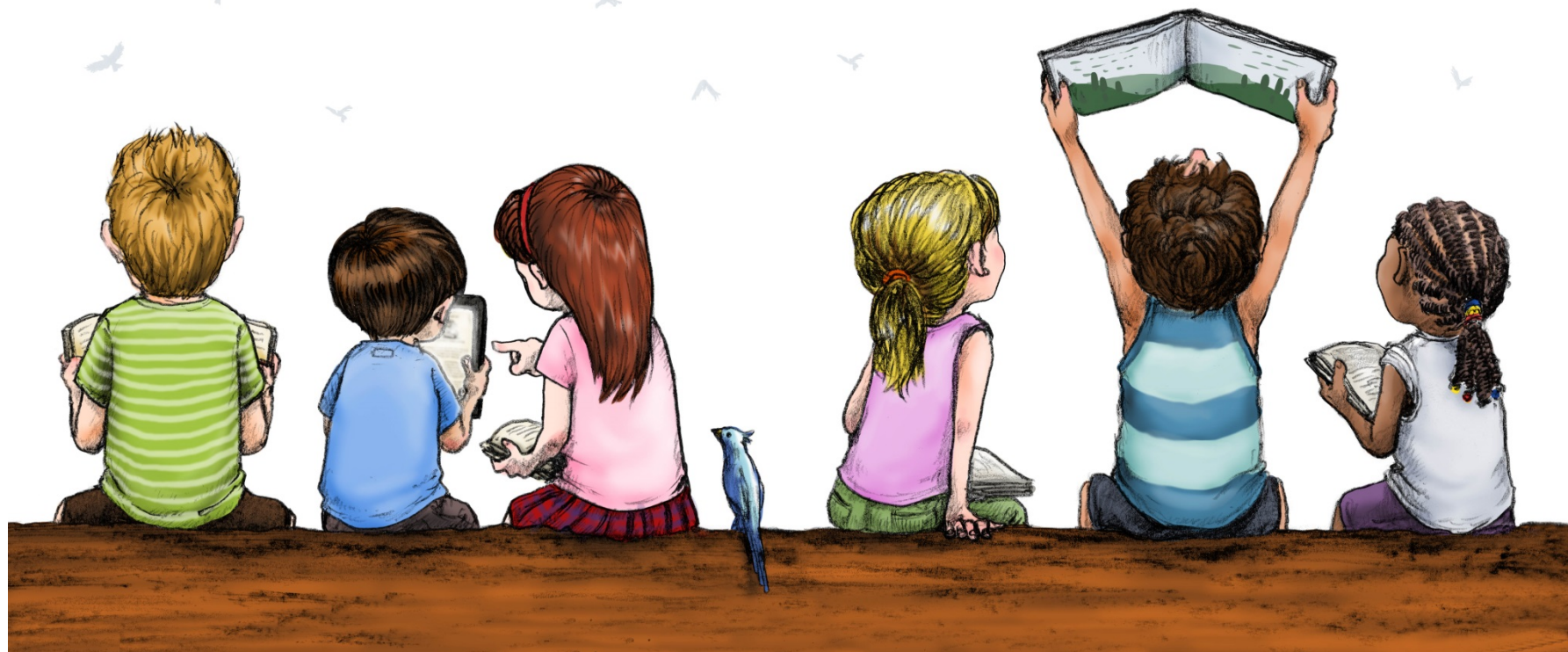




FOURTH QUARTER AND FISCAL YEAR 2015 EARNINGS PRESENTATION

July 23, 2015





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



Fiscal Year 2015 Highlights – Continuing Operations

- Results from continuing operations were in line with expectations:
 - Revenue of **\$1.64** billion, up +5%.
 - Operating income, excluding one-time items, of **\$79.6** million, up +14%.
 - EPS, excluding one-time items, of **\$1.29**, up +10%.
- Strong performance in Children’s Books and Education businesses:
 - Sustained turnaround in Clubs with revenue up **+19%**, and continued growth in Fairs up **+5%**.
 - Sales of the Education segment grew **+8%** on strength of Guided Reading and Classroom Magazines.
- The Company now reports its operating results in **three** segments –
Children’s Book Publishing and Distribution, Education, and International.



Focus on Core Publishing and Education

- Actions taken to focus on Scholastic's core publishing businesses and opportunities:
 - Completed sale of EdTech business to Houghton Mifflin Harcourt for \$575 MM.
 - Repositioned Media operations.
- Three segments are connected by one mission – develop literacy at the classroom and school level, and independent reading at home:
 - Strong recurring revenues driven by favorable market dynamics.
 - Common customer base; enhanced collaboration on products and services.
- Simplified structure improves accountability and creates more nimble operating environment.
 - Company can leverage investments in new products and enterprise-wide data analytics across all segments.



Children's Book Publishing and Distribution

- Performance reinforced by the continuing emphasis by educators and parents on **independent reading**.
- Industry-wide sales data shows children's books to be the most attractive segment in the publishing world.
- **Book Clubs** – sustained turnaround with **revenue up +19%** driven by an increase in the number of teacher-sponsors and higher levels of spending by families.
- **Book Fairs** – continued growth with **revenue up +5%** on higher revenue per fair.
- **Trade** – excellent pipeline of new releases for fiscal year 2016.
- Segment results now include audio and video books and rights and licensing (formerly in Media segment).



Education (formerly Classroom Books and Supplemental Materials Publishing)

- A leading provider of **instructional materials** that build student reading skills, along with **engaging books** and **classroom magazines** for independent reading practice.
- **Customized curriculum** solutions to meet the needs of educators who are looking for resources that are tailored for personalized learning.
- FY2015 **sales grew +8%** to \$275.9 million on strength of guided reading and classroom magazines.
- Segment **operating income improved by +26%** to \$48.4 million in the year.
- Classroom magazines circulation increased by over 1 million year-over-year and now exceeds **14 million** in total.
- Segment results now include the Company's *Instructor*[®] magazine and the digital edition of *Scholastic Parent & Child*[®], and associated advertising.



International

- Emerging middle class in developing countries continues to drive demand for the Company's English-language books and instructional materials.
- Segment revenue was **\$401.2 million**, down -3% due to the strengthening of the U.S. dollar, which negatively impacted revenue by \$19.7 million.
- Excluding one-time items, segment operating income fell, driven by the higher cost of U.S. dollar denominated product and increased investment in new products and systems.
- Leveraging international development capacity in Asia to produce product at higher margins for the U.S. operations.
- Strong local publishing programs with popular series like Tom Gates in the U.K., and Weirdo in Australia.



Capital Allocation Aligned With Mission

- Will continue to take a balanced approach to capital allocation:
 - Targeted investments in profitable growth opportunities that are aligned with our core business
 - Returning capital to shareholders over time through buybacks and quarterly dividends
- Strong financial position will support our focused investments in long-term profitable growth strategies and enable us to return value to shareholders.
- Real estate remains an important asset with excellent opportunities to unlock value.
- Announced \$50 million increase in Company's open-market share repurchase limits.



Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and CFO



Income Statement – Adjusted Earnings Per Share

In \$ Millions (except per share)	Fourth Quarter 2015			Fourth Quarter 2014			Fiscal Year 2015			Fiscal Year 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	\$487.7		\$487.7	\$489.0		\$489.0	\$1,635.8		\$1,635.8	\$1,561.5	
Cost of goods sold ¹	212.9	(0.2)	212.7	223.0	(2.4)	220.6	758.5	(1.9)	756.6	725.0	(2.7)	722.3
Selling, general and administrative expenses ^{2,3,4}	215.6	(9.8)	205.8	196.6	(8.0)	188.6	770.1	(29.0)	741.1	730.5	(28.5)	702.0
Bad debt expense	1.7	-	1.7	1.7	-	1.7	10.6		10.6	7.3		7.3
Depreciation and amortization	11.1	-	11.1	15.1	-	15.1	47.9		47.9	60.3		60.3
Asset impairments ⁵	12.9	(12.9)	-	14.6	(14.6)	-	15.8	(15.8)	-	28.0	(28.0)	-
Total operating costs and expenses	454.2	(22.9)	431.3	451.0	(25.0)	426.0	1,602.9	(46.7)	1,556.2	1,551.1	(59.2)	1,491.9
Operating income (loss) from continuing operations	\$33.5	\$22.9	\$56.4	\$38.0	\$25.0	\$63.0	\$32.9	\$46.7	\$79.6	\$10.4	\$59.2	\$69.6
Other expense (income)	0.1		0.1	0.0		0.0	0.1		0.1	0.0		0.0
Interest expense, net	0.9		0.9	1.0		1.0	3.5		3.5	6.9		6.9
Gain (loss) on investments ⁶	-	-	-	1.1	(0.1)	1.0	(0.6)	0.6	-	5.8	(4.8)	1.0
Provision (benefit) for income taxes ⁷	15.0	8.9	23.9	13.9	10.2	24.1	14.4	18.3	32.7	(15.6)	39.2	23.6
Earnings (loss) from continuing operations	\$17.5	\$14.0	\$31.5	\$22.0	\$14.9	\$36.9	\$15.5	\$27.8	\$43.3	\$13.3	\$24.8	\$38.1
Earnings (loss) from discontinued operations, net of tax	264.8		264.8	6.1		6.1	279.1		279.1	31.1		31.1
Net Income (loss)	\$282.3	\$14.0	\$296.3	\$28.1	\$14.9	\$43.0	\$294.6	\$27.8	\$322.4	\$44.4	\$24.8	\$69.2
Earnings (loss) per diluted share from continuing operations	0.52	0.41	0.93	0.67	0.45	1.12	0.46	0.83	1.29	0.41	0.76	1.17
Earnings (loss) per diluted share from discontinued operations, net of tax	7.78		7.78	0.18		0.18	8.34		8.34	0.95		0.95
Earnings (loss) per diluted share	8.30	0.41	8.71	0.85	0.45	1.30	8.80	0.83	9.63	1.36	0.76	2.12

- In the three and twelve months ended May 31, 2015, the Company recognized a pretax charge related to unabsorbed burden associated with the former educational technology and services business of \$0.2 and \$0.4, respectively and in the twelve months ended May 31, 2015, the Company recognized a pretax charge of \$1.5 related to a warehouse optimization project in Canada. In the three and twelve months ended May 31, 2014, the Company recognized a pretax charge of \$2.4 for royalties related to Storia operating system-specific apps that are no longer supported due to the transition to a Storia streaming model. For the twelve months ended May 31, 2014, the Company recognized a \$0.3 pretax charge related to unabsorbed burden associated with the former educational technology and services business.
- In the three and twelve months ended May 31, 2015, the Company recognized a pretax charge related to unabsorbed burden associated with the former educational technology and services business of \$4.4 and \$15.4, respectively. In the three and twelve months ended May 31, 2014, the Company recognized a pretax charge related to unabsorbed burden associated with the former educational technology and services business of \$3.9 and \$15.9, respectively.
- In the three and twelve months ended May 31, 2015, the Company recognized pretax severance expense of \$5.3 and \$8.9, respectively, as part of cost reduction and restructuring programs. In the three and twelve months ended May 31, 2014, the Company recognized pretax severance expense of \$1.4 and \$9.9, respectively, as part of a cost savings initiative.
- In the three and twelve months ended May 31, 2015, the Company recognized a pretax charge related to the relocation of the Company's Klutz division of \$0.1 and \$0.4, respectively, and in the twelve months ended May 31, 2015, the Company recognized a pretax pension settlement charge of \$4.3. In the three and twelve months ended May 31, 2014, the Company recognized a pretax pension settlement charge of \$1.7 and a pretax charge of \$1.0 related to Storia operating system-specific apps.
- In the three and twelve months ended May 31, 2015, the Company recognized a pretax impairment charge of \$8.3 in connection with the restructuring of the Company's media and entertainment businesses and a \$4.6 pretax impairment charge related to the discontinuation of certain outdated technology platforms. In the twelve months ended May 31, 2015, the Company recognized a \$2.9 pretax impairment charge associated with the closure of the retail store located at the Company headquarters in New York City. In the three and twelve months ended May 31, 2014, the Company recognized a pretax impairment charge of \$14.6 for assets in the Children's Book Publishing and Distribution segment related to Storia operating system-specific apps and in the twelve months ended May 31, 2014, the Company recognized a pretax impairment charge of \$13.4 related to goodwill associated with the book clubs reporting unit in the Children's Book Publishing and Distribution segment.
- In the twelve months ended May 31, 2015, the Company recognized a pretax gain of \$0.6 on the sale of a UK-based cost method investment. In the three and twelve months ended May 31, 2014, the Company recognized a pretax loss of \$0.1 and \$4.8, respectively, related to a UK-based cost method investment.
- In the twelve months ended May 31, 2014, the Company recognized \$13.8 of tax benefits from previously unrecognized income tax positions related to the Company's settlement of the 2007, 2008 and 2009 IRS audits.



Special One-Time Items

Expense (income) in \$ millions	For fiscal years ended May 31,	
	2015	2014
Warehouse optimization project in Canada	1.5	-
Unabsorbed EdTech costs	0.4	0.3
Storia royalties related to system-specific apps	-	2.4
Cost of goods sold	1.9	2.7
Unabsorbed EdTech costs	15.4	15.9
Severance related to cost reduction and restructuring program	8.9	9.9
Pension settlement charge	4.3	1.7
Klutz relocation	0.4	-
Storia costs related to operating system-specific apps	-	1.0
Selling, general and administrative expenses	29.0	28.5
MLA restructuring	8.3	-
Outdated technology platforms	4.6	-
Closure of SoHo retail store	2.9	-
Storia operating system-specific apps	-	14.6
Goodwill related to legacy Book Clubs acquisitions	-	13.4
Asset impairments	15.8	28.0
Operating income effect of one-time items	46.7	59.2
(Gain) loss on investments	(0.6)	4.8
IRS Settlement	-	(13.8)
Tax benefit on one-time items	(18.3)	(25.4)
One-time items net of tax	27.8	24.8



Segment Results – Adjusted for One-Time Items

In \$ Millions (except per share)	Fourth Quarter 2015			Fourth Quarter 2014			Fiscal Year 2015			Fiscal Year 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	\$67.1		\$67.1	\$66.9		\$66.9	\$275.3		\$275.3	\$230.7		\$230.7
Book Fairs	177.0		177.0	170.2		170.2	497.4		497.4	472.3		472.3
Consolidated Trade	40.8		40.8	47.0		47.0	186.0		186.0	190.0		190.0
Total revenue	284.9		284.9	284.1		284.1	958.7		958.7	893.0		893.0
Operating income (loss) ¹	40.4	10.3	50.7	27.0	18.0	45.0	85.6	10.6	96.2	23.8	31.4	55.2
	14.2%		17.8%	9.5%		15.8%	8.9%		10.0%	2.7%		6.2%
Education												
Revenue	105.0		105.0	96.0		96.0	275.9		275.9	255.1		255.1
Operating income (loss)	36.1		36.1	29.5		29.5	48.4		48.4	38.5		38.5
	34.4%		34.4%	30.7%		30.7%	17.5%		17.5%	15.1%		15.1%
International												
Revenue	97.8		97.8	108.9		108.9	401.2		401.2	413.4		413.4
Operating income (loss) ²	3.0	4.2	7.2	9.2	-	9.2	20.6	5.7	26.3	30.4	0.6	31.0
	3.1%		7.4%	8.4%		8.4%	5.1%		6.6%	7.4%		7.5%
Corporate overhead ^{3,4,5}	\$46.0	(\$8.4)	\$37.6	\$27.7	(\$7.0)	\$20.7	\$121.7	(\$30.4)	\$91.3	\$82.3	(\$27.2)	\$55.1
Operating income (loss) from continuing operations	\$33.5	\$22.9	\$56.4	\$38.0	\$25.0	\$63.0	\$32.9	\$46.7	\$79.6	\$10.4	\$59.2	\$69.6

- In the three and twelve months ended May 31, 2015, the Company recognized a pretax impairment charge of \$8.3 in connection with the restructuring of the Company's media and entertainment businesses, a \$1.9 pretax impairment charge related to the discontinuation of certain outdated technology platforms, and a pretax charge related to the relocation of the Company's Klutz division of \$0.1 and \$0.4, respectively. In the three and twelve months ended May 31, 2014, the Company recognized a pretax charge of \$18.0 for assets related to Storia operating system-specific apps and in the twelve months ended May 31, 2014, the Company recognized a pretax impairment charge of \$13.4 related to goodwill associated with the book clubs reporting unit in the Children's Book Publishing and Distribution segment.
- In the three and twelve months ended May 31, 2015, the Company recognized pretax severance expense of \$1.5 as part of cost reduction and restructuring programs and a \$2.7 pretax impairment charge related to the discontinuation of certain outdated technology platforms. In the twelve months ended May 31, 2015, the Company recognized a pretax charge of \$1.5 related to a warehouse optimization project in Canada. In the twelve months ended May 31, 2014, the Company recognized pretax severance expense of \$0.6 as part of a cost savings initiative.
- In the three and twelve months ended May 31, 2015, the Company recognized a pretax charge related to unabsorbed burden associated with the former educational technology and services business of \$4.6 and \$15.8, respectively. In the three and twelve months ended May 31, 2014, the Company recognized a pretax charge related to unabsorbed burden associated with the former educational technology and services business of \$3.9 and \$16.2, respectively.
- In the three and twelve months ended May 31, 2015, the Company recognized pretax severance expense of \$3.8 and \$7.4, respectively, as part of cost reduction and restructuring programs. In the three and twelve months ended May 31, 2014, the Company recognized pretax severance expense of \$1.4 and \$9.3, respectively, as part of a cost savings initiative.
- In the twelve months ended May 31, 2015, the Company recognized a pretax pension settlement charge of \$4.3 and a \$2.9 pretax impairment charge associated with the closure of the retail store located at the Company headquarters in New York City. In the three and twelve months ended May 31, 2014, the Company recognized a pretax pension settlement charge of \$1.7.



Free Cash Flow and Balance Sheet

In \$ Millions	May 31, 2015	May 31, 2014
Free cash flow (use) (3 month period ending) ¹	29.5	45.1
Free cash flow (12 month period ending) ¹	73.7	63.7
Accounts receivable, net	193.8	212.1
Inventories, net	257.6	256.4
Accounts payable	146.8	137.5
Accrued royalties	26.8	30.7
Total debt	6.0	135.8
Cash and cash equivalents	506.8	20.9
Net Debt ²	(\$500.8)	114.9

- 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.



FY 2016 Outlook: Expectations for Moderate Growth

Metric	Guidance
Revenue	≈ \$1.7 billion
Earnings from Continuing Operations ¹	\$1.35 - \$1.55 per diluted share
Free Cash Flow	\$35 - \$45 million
Capital Expenditures	\$40 - \$50 million
Prepublication/Production Spending	\$30 - \$40 million

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



Key Elements of Fiscal 2016 Outlook

- Steady, but moderate growth across the majority of businesses and channels driven by growing emphasis on independent reading.
 - In Clubs and Fairs, growth will be supported by the emphasis on independent reading and the continued shift to higher performing fairs.
 - In Trade, the Company expects to take advantage of market opportunities in early childhood, middle grade series and licensing. Also, standout titles scheduled for release in fiscal 2016.
 - In Education, the Company's leadership position in schools for classroom books and classroom magazines will continue to benefit from the higher educational standards.
 - Expect current standards for language arts and literacy to drive continued profitable growth in children's books, classroom book collections and classroom magazines.
 - Demand for customized curriculum solutions, professional development series and teaching guides supported by schools' desires to improve student achievement and teacher effectiveness.
 - In International, emerging middle class in developing countries should continue to drive demand for English-language books and instructional materials.



Dick Robinson – Closing Comments

- Executing on a clear strategy that highlights Scholastic’s core publishing and continuing education businesses, and unparalleled distribution.
- Greater collaboration between businesses to build broader relationships with children, parents, teachers and school administrators.
- Leveraging use of proprietary editorial and creative content and titles, in print and digital, throughout the Company.
- Further developing international publishing business in Asia for strategic sourcing of educational materials for all of the Company’s markets.
- Improving enterprise-wide technology platforms for content and customer relationship management to support sales and marketing efforts at the school and district levels.



Questions & Answers

Participants

- Richard Robinson
- Maureen O'Connell
- Judy Newman, School Book Clubs and E-Commerce