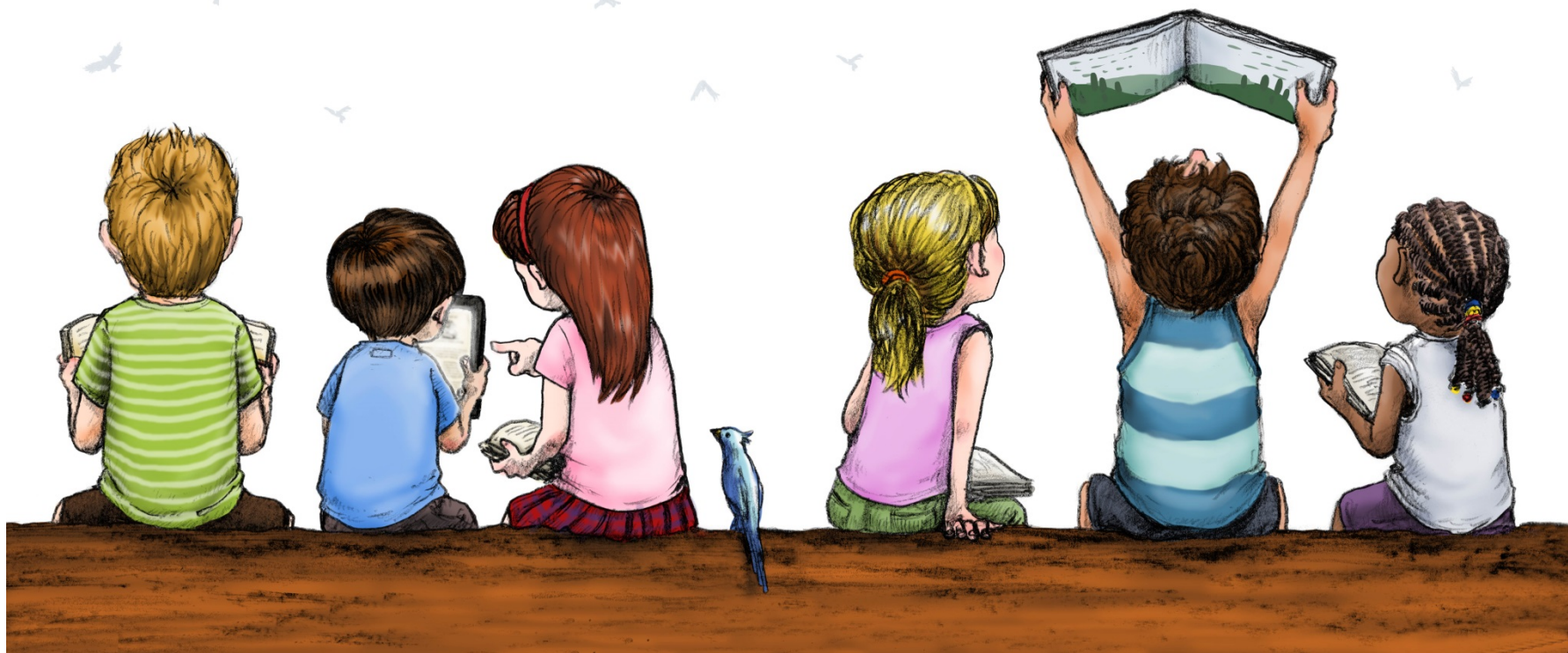




THIRD QUARTER FISCAL YEAR 2015 EARNINGS PRESENTATION

March 26, 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



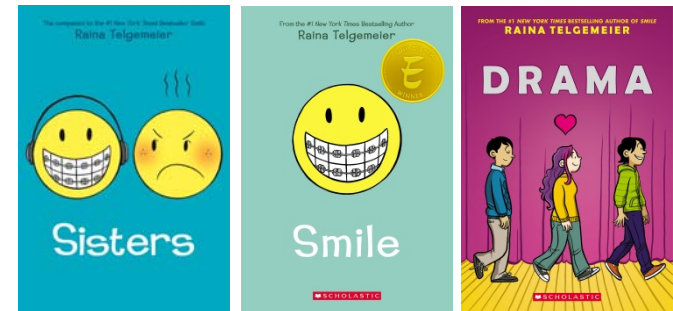
Third Quarter 2015 Results

- **Revenues increased by \$8.6 million, or +2%, to \$382.1 million**
 - Gains in Clubs +17%, Fairs +2%, Trade +2%, Classroom Books and Magazines +7%
 - Lower Educational Technology revenues -4%, with growth in new business, expansion sales of *READ 180*® stages and technology support services
 - Classroom Magazine circulation reaches over 14 million students
 - International units down -5% including effect of unfavorable foreign exchange
- **Loss Per Share of \$0.59 versus \$0.68 last year, excluding one-time items**
- **Free cash use of \$4.6 million in quarter**
 - Repaid \$20.1 MM of debt and distributed \$4.9 MM in dividends from cash-on-hand
- **Restructured and streamlined Media organization to better align operations with the Company's core businesses**



Children's Books

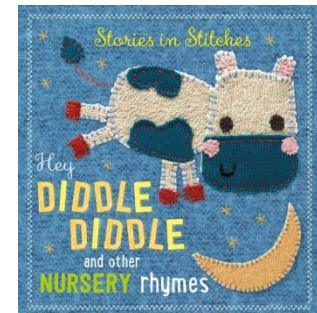
- **Book Clubs** – new marketing initiatives implemented in the second half of last year continued to drive order volume
 - Revised mix of grade-specific and “classic” offers
 - New kid-friendly merchandise and promotions
 - Restructured teacher rewards program tied to higher spending
- **Book Fairs**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





Make Believe Ideas - UK

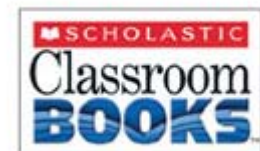
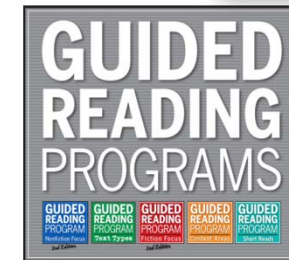
- Purchased a minority stake in UK children's book publisher in March 2015
- MBI is noted for:
 - Distinctive, fashion-forward design
 - Industry-leading, innovative formats
 - Vivid, original, photographic images, bright high-contrast colors, and creative textures and materials
- MBI has published exclusive lines for major US customers including Wal-Mart, Target, Scholastic Book Fairs, Scholastic Book Clubs, Book-Of-The-Month Club and more
- First Scholastic branded MBI books to be introduced at the Bologna Book Fair and are slated for global release in Fall 2015





Classroom Books and Supplemental Materials

- 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
- Classroom magazine circulation now exceeds 14 million subscriptions; bringing Common Core-connected non-fiction into the classroom
 - Print and online formats
 - Driven by *Scholastic News*[®], *Storyworks*[®] and *Scope*[®]
- Segment operating income increased +62% over prior year period





Education Technology and Services

- Implementing new sales initiatives to expand user base for all core intervention programs
 - Grew new *READ 180*® business and tech support services
 - Well positioned for summer and back-to-school seasons
- Recognized leader in intervention that helps all students achieve academic success
- Strong and growing foothold in Math
 - Math Solutions consulting revenue up +5%
 - *MATH 180*® *Course 2*, concentrated on algebra readiness, field testing for release later this year





International

- Adverse foreign exchange impact of \$5.5 million on revenues in the quarter due to the strengthening U.S. dollar
- Solid local currency sales growth in Australia/New Zealand, Asia-Pacific Region and Export
- 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 are now approximately \$100 million annually
- UK's Chicken House imprint performed well on the strength of its frontlist, including the top-selling *The Maze Runner*





Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and CFO



Income Statement – Adjusted Earnings Per Share

In \$ Millions (except per share)	Third Quarter 2015			Third Quarter 2014			Fiscal Year to Date 2015			Fiscal Year to Date 2014		
	As	One-Time	Excluding	As	One-Time	Excluding	As	One-Time	Excluding	As	One-Time	Excluding
	Reported	Items	One-Time Items	Reported	Items	One-Time Items	Reported	Items	One-Time Items	Reported	Items	One-Time Items
Revenues	\$382.1		\$382.1	\$373.5		\$373.5	\$1,331.5		\$1,331.5	\$1,273.0		\$1,273.0
Cost of goods sold ¹	200.0	(1.5)	198.5	190.7		190.7	638.9	(1.5)	637.4	593.4		593.4
Selling, general and administrative expenses ^{2,3}	202.6	(3.5)	199.1	200.4	(1.7)	198.7	617.9	(9.6)	608.3	599.3	(9.2)	590.1
Bad debt expense	3.2	-	3.2	2.5		2.5	9.6		9.6	6.4		6.4
Depreciation and amortization	11.5	-	11.5	14.2		14.2	38.0		38.0	46.0		46.0
Asset impairments ⁴	-	-	-	-		-	2.9	(2.9)	-	13.4	(13.4)	-
Total operating costs and expenses	417.3	(5.0)	412.3	407.8	(1.7)	406.1	1,307.3	(14.0)	1,293.3	1,258.5	(22.6)	1,235.9
Operating income (loss) from continuing operations	(\$35.2)	\$5.0	(\$30.2)	(\$34.3)	\$1.7	(\$32.6)	\$24.2	\$14.0	\$38.2	\$14.5	\$22.6	\$37.1
Interest expense, net	0.7		0.7	1.9		1.9	2.6		2.6	5.9		5.9
Gain (loss) on investments ⁵	-	-	-	4.7	(4.7)	-	(0.6)	0.6	-	4.7	(4.7)	-
Provision (benefit) for income taxes ⁶	(13.8)	2.0	(11.8)	(28.8)	15.9	(12.9)	9.7	5.4	15.1	(12.2)	24.3	12.1
Earnings (loss) from continuing operations	(\$22.1)	\$3.0	(\$19.1)	(\$12.1)	(\$9.5)	(\$21.6)	\$12.5	\$8.0	\$20.5	\$16.1	\$3.0	\$19.1
Earnings (loss) from discontinued operations, net of tax	(0.0)		(0.0)	0.0		0.0	(0.2)		(0.2)	0.2		0.2
Net Income (loss)	(\$22.1)	\$3.0	(\$19.1)	(\$12.1)	(\$9.5)	(\$21.6)	\$12.3	\$8.0	\$20.3	\$16.3	\$3.0	\$19.3
Earnings (loss) per diluted share from continuing operations	(0.68)	0.09	(0.59)	(0.38)	(0.30)	(0.68)	0.37	0.24	0.61	0.50	0.09	0.59
Earnings (loss) per diluted share from discontinued operations, net of tax	(0.00)		(0.00)	0.00		0.00	(0.00)		(0.00)	0.00		0.00
Earnings (loss) per diluted share	(0.68)	0.09	(0.59)	(0.38)	(0.30)	(0.68)	0.37	0.24	0.61	0.50	0.09	0.59

- In the three and nine months ended February 28, 2015, the Company recognized a pretax charge of \$1.5 related to a warehouse optimization project in Canada.
- In the three and nine months ended February 28, 2015, the Company recognized pretax severance charges of \$2.9 and \$5.0, respectively, related to the Company's cost savings initiatives. In the three and nine months ended February 28, 2014, the Company recognized pretax severance charges of \$1.7 and \$9.2, respectively, related to the Company's cost savings initiatives.
- In the three and nine months ended February 28, 2015, the Company recognized a pretax pension settlement charge of \$0.6 and \$4.3, respectively and a pretax charge of \$0.0 and \$0.3 related to the relocation of the Company's Klutz division.
- In the nine months ended February 28, 2015, the Company recognized a pretax impairment charge related to the closure of its retail store of \$2.9. In the nine months ended February 28, 2014, the Company recognized a pretax goodwill impairment charge of \$13.4 in the Children's Book Publishing and Distribution segment.
- In the nine months ended February 28, 2015, the Company recognized a pretax gain on sale of investment of \$0.6 related to a UK-based cost-method investment. In the three and nine months ended February 28, 2014, the Company recognized a loss of \$4.7 related to a UK-based cost method investment.
- In the three and nine months ended February 28, 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.



Segment Results – Adjusted for One-Time Items

In \$ Millions (except per share)	Third Quarter 2015			Third 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	\$70.2		\$70.2	\$60.2		\$60.2	\$208.2		\$208.2	\$163.8		\$163.8
Book Fairs	91.2		91.2	89.2		89.2	320.4		320.4	302.1		302.1
Consolidated Trade	41.5		41.5	40.6		40.6	131.6		131.6	130.8		130.8
Total revenue	202.9		202.9	190.0		190.0	660.2		660.2	596.7		596.7
Operating income (loss) ¹	(2.2)	0.0	(2.2)	(10.6)	-	(10.6)	45.6	0.3	45.9	(3.2)	13.4	10.2
	-		-	-		-	6.9%		7.0%	-		1.7%
Educational Technology and Services												
Revenue	34.3		34.3	35.8		35.8	174.6		174.6	191.5		191.5
Operating income (loss)	(12.4)		(12.4)	(10.7)		(10.7)	16.7		16.7	32.4		32.4
	-		-	-		-	9.6%		9.6%	16.9%		16.9%
Classroom and Supplemental Materials Publishing												
Revenue	49.1		49.1	46.0		46.0	156.7		156.7	144.7		144.7
Operating income (loss)	3.4		3.4	2.1		2.1	15.2		15.2	11.8		11.8
	6.9%		6.9%	4.6%		4.6%	9.7%		9.7%	8.2%		8.2%
International												
Revenue	86.3		86.3	91.0		91.0	305.4		305.4	305.3		305.3
Operating income (loss) ²	0.9	1.5	2.4	0.1	-	0.1	18.9	1.5	20.4	21.6	0.6	22.2
	1.0%		2.8%	0.1%		0.1%	6.2%		6.7%	7.1%		7.3%
Media, Licensing and Advertising												
Revenue	9.5		9.5	10.7		10.7	34.6		34.6	34.8		34.8
Operating income (loss)	(2.0)		(2.0)	(2.3)		(2.3)	(6.2)		(6.2)	(5.2)		(5.2)
	-		-	-		-	-		-	-		-
Corporate overhead ^{3,4,5}	\$22.9	(\$3.5)	\$19.4	\$12.9	(\$1.7)	\$11.2	\$66.0	(\$12.2)	\$53.8	\$42.9	(\$8.6)	\$34.3
Operating income (loss) from continuing operations	(\$35.2)	\$5.0	(\$30.2)	(\$34.3)	\$1.7	(\$32.6)	\$24.2	\$14.0	\$38.2	\$14.5	\$22.6	\$37.1

- In the three and nine months ended February 28, 2015, the Company recognized a pretax charge of \$0.0 and \$0.3 related to the relocation of the Company's Klutz division. In the nine months ended February 28, 2014, the Company recognized a pretax goodwill impairment charge of \$13.4 in the Children's Book Publishing and Distribution segment.
- In the three and nine months ended February 28, 2015, the Company recognized a pretax charge of \$1.5 related to a warehouse optimization project in Canada. In the nine months ended February 28, 2014, the Company recognized a pretax severance charge in its International segment of \$0.6 related to cost savings initiatives.
- In the three and nine months ended February 28, 2015, the Company recognized pretax severance charges of \$2.9 and \$5.0, respectively, related to the Company's cost savings initiatives. In the three and nine months ended February 28, 2014, the Company recognized pretax severance charges of \$1.7 and \$8.6, respectively, related to the Company's cost savings initiatives.
- In the three and nine months ended February 28, 2015, the Company recognized a pretax pension settlement charge of \$0.6 and \$4.3, respectively.
- In the nine months ended February 28, 2015, the Company recognized a pretax impairment charge related to the closure of its retail store of \$2.9.



Free Cash Flow and Balance Sheet

In \$ Millions	Feb 28, 2015	Feb 28, 2014
Free cash flow (use) (3 month period ending) ¹	(\$ 4.6)	(\$ 17.0)
Free cash flow (9 month period ending) ¹	\$ 44.2	\$ 18.6
Accounts receivable, net	\$ 204.4	\$ 206.0
Inventories, net	\$ 341.4	\$ 335.6
Accounts payable	\$ 186.8	\$ 159.8
Accrued royalties	\$ 55.9	\$ 53.9
Total debt	\$ 84.1	\$ 179.7
Cash and cash equivalents	\$ 14.6	\$ 22.0
Net Debt ²	\$ 69.5	\$ 157.7

- 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 Outlook – Lower End of Earnings Range

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.



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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