



SCHOLASTIC

**Fiscal 2009 Third Quarter Earnings Presentation
March 26, 2009**



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



Third Quarter Operating Highlights

- Children's Book revenue increase 2% on strong Trade sales
 - Club sales down modestly from soft January; order volumes up
 - Fair sales down slightly from lower clearance sales; revenue per fair up
- Revenue up in Canada, Australia and Asia, excluding foreign exchange
- Educational technology sales up 20% from successful launch of System 44™, continued sales of READ 180®
 - Print education sales down, though less than overall market declines
- Stimulus Package significant catalyst for Scholastic's Education businesses
 - Potential opportunity for \$100 million in incremental sales of educational technology, consulting services and classroom books over next 30 months
 - Comprehensive online resource at www.scholastic.com/economicrecovery



Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and
Chief Financial Officer

Key Financial Results

\$M (except per share)	3Q09	Adj	3Q09 Adj	3Q08
Revenue	\$424.9		\$446.7	\$440.4
Cost of goods sold	214.1		214.1	216.0
Selling, general and administrative expenses	199.5	(4.8)	194.7	202.7
Bad debt expense	2.4		2.4	3.1
Depreciation and amortization	14.5		14.5	14.4
Impairment charges	17.0	(17.0)	0.0	0.0
Operating income (loss) from continuing operations	(22.6)	21.8	(0.8)	4.2
Other income (expense)	0.3		0.3	(0.9)
Interest expense, net	5.6		5.6	6.0
Loss on investments	13.5	(13.5)	0.0	0.0
(Loss) earnings from continuing ops before taxes	(41.4)	35.3	(6.1)	(2.7)
Provision (benefit) for income taxes	(6.3)	4.6	(1.7)	(1.3)
Net income (loss) from continuing operations	(35.1)	30.7	(4.4)	(1.4)
Earnings (loss) per share from continuing operations	(0.95)	0.83	(0.12)	(0.03)
Free cash flow ¹	73.7			56.8
Total debt	315.3			373.6
Cash and cash equivalents	37.0			191.7

¹Free cash flow or 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.



Affirming FY09 Guidance

- EPS from continuing operations of \$1.20 to \$1.50
 - Excluding severance and one-time expenses related to cost savings, as well as non-cash charges for goodwill impairments and non-operating items
- Free cash flow of \$55 to \$80 million



Questions & Answers

Participants

- Richard Robinson
- Maureen O'Connell
- Ellie Berger, Scholastic Trade Publishing
- Margery Mayer, Scholastic Education
- Judy Newman, Scholastic Book Clubs
- Hugh Roome, Scholastic International