



SCHOLASTIC

**Fiscal 2008 First Quarter Earnings Presentation
September 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



Key Opportunities to Improve Margins

- Turn-around or exit in Continuities
- Modest growth and improved efficiencies in Children's Books
- Investment to driver higher margin growth in educational technology
- Overhead cost reductions



Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and
Chief Financial Officer



First Quarter Overview

- Record-breaking Harry Potter® release
- Solid growth in educational technology
- Strong results in Export, Australia and Asia
- Implementing new strategy in Continuities
- On plan to meet fiscal 2008 goals



Key Financial Results

\$M (except per share)	1Q08	1Q07
Revenue	\$586.9	\$334.9
Cost of goods sold	324.5	171.8
Selling, general & administrative expenses	222.7	196.6
Bad debt expense	17.8	15.7
Operating income (loss)	5.2	(66.1)
Tax (benefit)	(0.4)	(26.6)
Net income (loss)	(2.8)	(46.9)
Earnings (loss) per diluted share	(\$0.07)	(\$1.12)
Free cash flow (use) ¹	(\$129.7)	(\$147.9)
Net debt ²	546.8	456.1

¹ Free cash flow (use) 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 August 31, 2007 and 2006.



FY08 Segment Outlook

Children's Book Publishing & Distribution

- Strong Harry Potter Trade sales; solid growth in Fairs
- Improved results in Trade, Fairs
- Revenues and profits level in Clubs
- Significant improvement in Continuities, or exit

Educational Publishing

- Modest growth in educational technology and print
- Lower operating profits due to increased investment in realigned sales force, new technology product launches

International

- Solid growth and improved results across all businesses

Media, Licensing & Advertising

- Improved profitability on modest increase in revenue

Corporate Overhead

- Cost reduction programs partially offsetting higher stock-based compensation expense and rent



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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