



SCHOLASTIC

Fiscal 2007 Third Quarter Earnings Presentation
March 22, 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

Third Quarter Overview

- New CFO / CAO appointed
- Strong turnaround in Clubs
- Robust educational technology growth
- Improved results in International
- Sustained focus on cost reductions
- Disappointing results in Continuities



Harry Potter and the Deathly Hallows

- July 21 release
- Initial print run of 12 million copies
- Cover price of \$34.99
- Marketing plan launches on April 17



Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and
Chief Financial Officer



Key Financial Results

\$M (except per share)	3Q07	3Q06
Revenue	\$497.0	\$487.7
Cost of goods sold	242.5	244.6
Selling, general & administrative expenses	226.2	228.5
Bad debt expense	20.5	15.7
Operating income (loss)	(7.8)	(17.8)
Other income ¹	3.0	0.0
Net income (loss)	(7.7)	(15.5)
Earnings (loss) per share	(\$0.18)	(\$0.37)
Free cash flow (use) ²	19.1	(12.1)
Net debt ³	316.7	280.5

¹For the three months ending February 28, 2007, the Company recorded a pre-tax gain on a sale of an investment of \$3.0 million, or \$0.04 per diluted share. ²Free cash flow is defined by the Company as net cash provided by operating activities, less spending on PP&E, prepublication and production costs, and royalty advances. ³Net debt is defined by the Company as lines of credit, short-term debt plus long-term-debt, less cash and cash equivalents, as of February 28, 2007 and 2006.



Scholastic at Home

- Successful growth in revenues, customer acquisition
- Opportunities to adapt to growing number of web-based customers
- Increase in bad debt and promotion in Q3 and Q4
- Detailed analysis of business in process



Fiscal 2007 Outlook

- Earnings per diluted share: \$1.40 to \$1.60
- Revenues: \$2.1 to \$2.2 billion
- Free cash flow: \$50 to \$70 million



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