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Fiscal 2007 Second Quarter Earnings Presentation

December 19, 2006

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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.

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Dick Robinson

Chief Executive Officer, President
and Chairman

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Second Quarter Overview

- Clubs and Fairs off to strong start
- Continued educational technology growth
- Revenues, margins up in International and Media, Licensing & Advertising
- On plan to achieve cost reduction goals

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School Book Clubs

- Successful migration of customers to core clubs
- Troll® and Trumpet® clubs discontinued
- Significant promotion and fulfillment efficiencies
- Improved customer satisfaction

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School Book Fairs

- Focus on customer experience driving higher revenue per fair
- Rebooking, new fairs increasing fair count
- Process improvements, efficiencies

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Scholastic at Home

- Continued growth in revenues, customer base
- Focus on customer acquisition, especially on-line
- Increased promotion spending
- Results approximately level with prior year

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Scholastic Education

- Solid educational tech sales, including READ 180®, FASTT Math®
- School spending down for supplemental materials
- Lower print revenue

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Other Quarter Highlights

- Strong core Trade sales
- Improved International results
- Strong advertising revenues
- On plan for cost reduction targets
- Balance sheet strength

Mary Winston

Executive Vice President and
Chief Financial Officer

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Income Statement

$M (except per share)	2Q07	2Q06	Δ
Revenue	$735.5	$696.7	*6%*
Cost of goods sold	323.1	302.0	*(7%)*
Selling, general & administrative	250.5	247.5	*(1%)*
Bad debt expense	19.5	15.1	*(29%)*
Depreciation & amortization	16.0	16.8	*5%*
Operating income	126.4	115.3	*10%*
Interest expense, net	8.3	9.1	*9%*
Provision for income taxes	43.0	39.3	*(9%)*
Net income	$75.1	$66.9	*12%*
Earnings per diluted share	$1.75	$1.58	*11%*

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Segment Operating Results

$M	2Q07	2Q06	Δ
Children's Book Publishing & Distribution			
Revenue	$442.7	$424.2	*4%*
School book clubs	165.8	167.8	*(1%)*
School book fairs	170.0	156.9	*8%*
Trade	52.2	54.2	*(4%)*
Continuities	54.7	45.3	*21%*
Operating income	99.6	88.6	*12%*
Operating margin	*22.5%*	*20.9%*	

Segment Operating Results (continued)

$M	2Q07	2Q06	∆
Educational Publishing			
Revenue	$97.2	$99.2	*(2%)*
Operating income	17.1	21.6	*(21%)*
Operating margin	*17.6%*	*21.8%*	

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Segment Operating Results (continued)

$M	2Q07	2Q06	∆
International			
Revenue	$139.0	$121.4	*14%*
Operating income	19.8	12.8	*55%*
Operating margin	*14.2%*	*10.5%*	

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Segment Operating Results (continued)

$M	2Q07	2Q06	Δ
Media, Licensing & Advertising			
Revenue	$56.6	$51.9	*9%*
Operating income	9.2	7.7	*19%*
Operating margin	*16.3%*	*14.8%*	

Corporate Overhead	$(19.3)	$(15.4)	*(25%)*

Free Cash Flow

$M	2Q07	2Q06
Net cash provided by operations	$142.5	$324.7
Additions to property, plant & equipment	13.1	15.3
Prepublication & production costs	12.4	15.6
Royalty advances	8.8	7.6
Free cash flow[1]	$108.2	$286.2

[1]Free 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.

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Balance Sheet

$M	Nov. 30, 2006	Nov. 30, 2005
Cash & cash equivalents	$133.7	$249.3
Accounts receivable, net	339.0	308.3
Inventory	494.3	472.3
Accounts payable	145.6	164.4
Accrued royalties	42.9	114.0
Lines of credit, short-term debt and current portion of long-term debt	303.9	41.4
Long-term debt, excluding current portion	173.3	473.5
Capital lease obligations	66.1	74.9
Total stockholders' equity	1,084.4	1,008.0
Net debt[1]	343.5	265.6
Net debt[1] / capitalization	24%	21%

[1]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.

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Fiscal 2007 Outlook

- Continued strength in Children's Books
- Education technology growth, softness in print
- Overhead cost reductions on track
- On plan for fiscal 2007 goals

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