



SCHOLASTIC

Fiscal 2008 Third Quarter Earnings Presentation
March 27, 2008



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



Continued Progress in Third Quarter

- Profits and margins up in Children's Books
- Strong sales of print products in Education
- Higher revenue and profits in International
- Improved working capital levels
- Moving forward with divestiture of direct-to-home continuities



Maureen O'Connell

Executive Vice President,
Chief Administrative Officer and
Chief Financial Officer



Continuing and Discontinued Operations

\$M (except per share)	3Q08	3Q07
Revenue	\$458.4	\$446.0
Total operating costs and expenses	457.8	448.0
Operating income (loss) from continuing operations	0.6	(2.0)
Other income (expense)	(0.9)	3.0
Interest expense, net	6.1	7.5
Provision (benefit) for income taxes	(1.8)	(2.7)
Loss from continuing operations	(4.6)	(3.8)
Loss from discontinued operations, net of tax ¹	(77.5)	(3.9)
Net income (loss)	(\$82.1)	(\$7.7)
Loss per share from continuing operations	(0.12)	(0.09)
Loss per share from discontinued operations	(2.02)	(0.09)
Net loss per share	(2.14)	(0.18)

¹In the three months ended February 29, 2008, the Company recorded a non-cash write down of certain assets of \$72.7 million (\$1.87 per diluted share) following the Company's previously announced decision to sell its direct-to-home continuities business.



Balance Sheet and Cash Flow

\$M	Feb. 29, 2008	Feb 28, 2007
Continuing Operations		
Cash & cash equivalents	\$198.4	\$26.5
Accounts receivable, net	210.2	223.7
Inventories	453.2	460.8
Accounts payable	124.5	108.9
Accrued royalties	153.4	53.6
Lines of credit, short-term debt and current portion of long-term debt	53.5	34.7
Long-term debt, excluding current portion	320.1	311.4
Total debt	373.6	346.1
Total capital lease obligations	62.5	66.0
Net debt ¹	175.2	319.6
Discontinued Operations		
Total assets of discontinued operations	58.5	191.4
Total liabilities of discontinued operations	23.4	25.8
Total stockholders' equity	987.7	1,089.2
Free cash flow ²	\$61.2	\$26.0

¹Net debt is defined by the Company as lines of credit and short-term debt plus long-term-debt, net of cash and cash equivalents. ²Free cash flow is defined by the Company as net cash provided by operating activities, reduced by spending on property, plant and equipment; pre-publication and production costs; and royalty advances.



FY08 Outlook

**Continuing
Operations**

Revenue \$2.2 to \$2.3 billion

Earnings \$2.50 to \$2.85 per diluted share

Free Cash Flow \$90 to \$100 million



Scholastic's Long-Term Outlook

- Affirming goal of 9 to 10% operating margins in fiscal 2010
- Continued commitment to free cash flow
 - Maintaining strong balance sheet
 - Investing in growth
 - Maximizing shareholder value



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