

SCHOLASTIC CORPORATION
RESULTS OF CONTINUING OPERATIONS - SEGMENTS
(UNAUDITED)
(Amounts in millions)

	THREE MONTHS ENDED				TWELVE MONTHS ENDED			
	5/31/2009 (1)	5/31/2008 (1)	Change		5/31/2009 (1)	5/31/2008 (1)	Change	
Children's Book Publishing & Distribution								
Revenue								
Book Clubs	\$77.1	\$78.1	(\$1.0)	(1%)	\$330.2	\$336.7	(\$6.5)	(2%)
Trade	33.9	39.6	(5.7)	(14%)	183.8	419.0	(235.2)	(56%)
Book Fairs	138.3	144.9	(6.6)	(5%)	399.5	405.7	(6.2)	(2%)
Total revenue	249.3	262.6	(13.3)	(5%)	913.5	1,161.4	(247.9)	(21%)
Operating income	32.4	37.3	(4.9)	(13%)	89.7	175.0	(85.3)	(49%)
Operating margin	13.0%	14.2%			9.8%	15.1%		
Educational Publishing								
Revenue	103.4	106.7	(3.3)	(3%)	384.2	407.1	(22.9)	(6%)
Operating income	19.6	22.5	(2.9)	(13%)	55.8	65.9	(10.1)	(15%)
Operating margin	19.0%	21.1%			14.5%	16.2%		
International								
Revenue	105.6	119.2	(13.6)	(11%)	399.0	449.8	(50.8)	(11%)
Operating income	10.3	13.0	(2.7)	(21%)	7.3	42.3	(35.0)	(83%)
Operating margin	9.8%	10.9%			1.8%	9.4%		
Media, Licensing and Advertising								
Revenue	37.7	35.9	1.8	5%	152.6	140.8	11.8	8%
Operating income	5.7	1.9	3.8	*	12.1	7.3	4.8	66%
Operating margin	15.1%	5.3%			7.9%	5.2%		
Overhead expense	21.0	21.5	0.5	2%	94.5	77.1	(17.4)	(23%)
Operating income from continuing operations	\$47.0	\$53.2	(\$6.2)	(12%)	\$70.4	\$213.4	(\$143.0)	(67%)

(1) Results for the three and twelve month periods ended May 31, 2009 reflect continuing operations and exclude discontinued operations. All corresponding prior year periods presented have been reclassified to reflect this presentation.

* Percent not meaningful.

**SCHOLASTIC CORPORATION
SUPPLEMENTAL INFORMATION
(UNAUDITED)
(Amounts in millions)**

SELECTED BALANCE SHEET ITEMS

	05/31/09	05/31/08
Continuing Operations		
Cash and cash equivalents	\$143.6	\$116.1
Accounts receivable, net	197.4	202.8
Inventories, net	344.8	358.9
Accounts payable	128.2	108.7
Accrued royalties	41.7	45.5
Lines of credit, short-term debt and current portion of long-term debt	53.7	54.6
Long-term debt, excluding current portion	250.0	295.1
Total debt	303.7	349.7
Total capital lease obligations	57.9	61.6
Net debt (1)	160.1	233.6
Discontinued Operations		
Total assets of discontinued operations	31.0	92.9
Total liabilities of discontinued operations	7.3	21.9
Total stockholders' equity	785.0	873.1

SELECTED CASH FLOW ITEMS

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	05/31/09	05/31/08	05/31/09	05/31/08
Net cash provided by operating activities	\$154.5	\$2.8	\$188.6	\$306.5
Less: Additions to property, plant and equipment	12.4	23.1	45.2	58.7
Pre-publication and production costs	16.8	20.5	58.5	62.2
Free cash flow (use) (2) (3)	\$125.3	(\$40.8)	\$84.9	\$185.6

(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. The Company utilizes this non-GAAP financial measure, and believes it is useful to investors, as an indicator of the Company's effective leverage and financing needs.

(2) Free 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. The Company believes that this non-GAAP financial measure is useful to investors as an indicator of cash flow available for debt repayment and other investing activities, such as acquisitions. The Company utilizes free cash flow or use as a further indicator of operating performance and for planning investing activities.

(3) Free cash flow includes use of cash by discontinued operations of \$17.8 and \$14.7 for the twelve months ended May 31, 2009 and May 31, 2008, respectively.