

TRENDS IN ELEMENTARY/SECONDARY MARKET

The U.S. education market is in the early stages of a major transformation with more emphasis on early childhood education, urban education, professional development for teachers, and the integration of technology into the classroom. Educators are starting to use the power of the computer to individualize instruction, manage workload more effectively, and measure student performance.

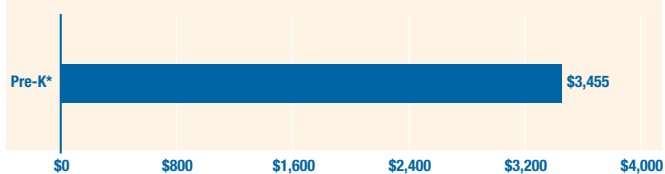
A catalyst for these changes is the *No Child Left Behind Act* (see page 32) which puts new emphasis on accountability and measurement. The new legislation made it a national priority to give every child the opportunity to receive a first rate education by 2014. At the same time, expenditures per pupil and enrollments continue to grow.

Growing Emphasis on Early Childhood/Pre-K Market

Early childhood education has become a significant issue for both educators and policymakers. There has been a rapid growth in the number of 3- to 5-year-olds enrolled in pre-K programs in recent years. In 2001, 7.6 million children, or 64% of all American children in this age category, were enrolled in a range of pre-school programs. Of these, 867,000 children were enrolled in public school pre-K programs. That is an increase of 36% from the fall of 1995. Enrollment in public school pre-K programs is expected to grow 6-to-8% over the next several years based on the assumption that state and local funds will continue to grow and be allocated to early childhood programs. In 1960 just 10% of American 3- and 4-year-old children were enrolled in a classroom environment. That percentage doubled by 1970 and doubled again prior to 1990.

As research confirms the positive link between quality early education programs and improved student performance longer term, states are investing in quality public pre-school programs. Total state spending for pre-K exceeded \$2.4 billion in the 2001-02 school year. Public schools receive the majority of their funding for pre-K classes from state or local education funds, followed by funding from federal programs. The *No Child Left Behind Act of 2001* reinforced this trend as the President included an *Early Reading First* initiative that supports pre-reading skills for young children as part of a goal to encourage literacy by grade 3. See page 32 for details on the federal funding to states for this program.

National Average Spending per Child Enrolled, 2001-2002

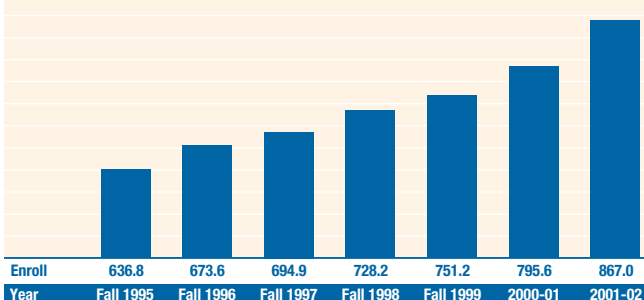


Source: National Institute for Early Education Research, "The State of Preschool: 2003 State Preschool Yearbook"

* Pre-K may receive additional funds from Federal or local sources that are not included in this figure

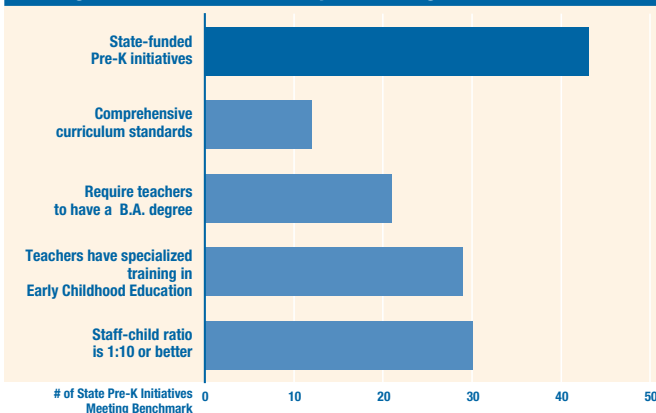
Public School Pre-Kindergarten Enrollment, 1995-2002

(in thousands of students)



Source: National Center for Education Statistics, "Public School Student, Staff and Graduate Counts by State," Various Years

Meeting Benchmarks for a Quality Pre-K Program*



Source: National Institute for Early Education Research, "The State of Preschool: 2003 State Preschool Yearbook"

* State pre-K initiative is defined as a state-funded program for 3- and 4-year-old children. Data is based on 38 states and the District of Columbia which together offer 43 state-funded initiatives. Two states are currently investing in broader state programs but specific data was not available. Ten states do not operate a state-financed pre-kindergarten initiative

TECHNOLOGY TRENDS IN THE K-12 MARKET

Internet Accessibility

- 99% of public schools have Internet access, up from 89% in 1998
- 92% of public school instructional rooms have Internet access, up from 51% in 1998
- 94% of schools had broadband connectivity in 2002
- Ratio of public school students to instructional computers with Internet access improved to 1:4 in 2002 from 1:12 in 1998

Student Usage

- 59% of children (31 million) ages 5-17 used the Internet in 2001
 - 78% of children access the Internet from home
 - 68% from school
- In 2001, 84% of students were using computers at school
- In 2001, 45% of students were using computers at home to complete school work, versus 12% in 1993

Teacher Usage

- 74% used the Internet for instructional purposes in 2001, versus 35% in 1999
- 85% use computers daily
- Teacher technology skills: 18% beginner, 56% intermediate, and 17% advanced
- By 2006, more than 40% of today's 3.1 million teachers will be new and more comfortable with technology

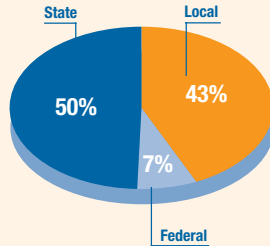
Sources: National Center for Education Statistics, "Computer and Internet Use by Children and Adolescents in 2001;" "Internet Access in U.S. Public Schools and Classrooms: 94-02;" QED 2003; MDR 2003

EDUCATION FUNDING

Funding for public education comes from federal, state, and local sources. See page 32 for a detailed breakout of *No Child Left Behind* funding from the federal government.

The Public Education Dollar: Revenues by Source

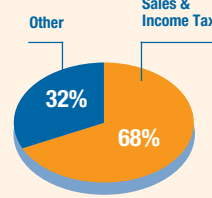
Total Revenue: \$401 billion



Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data, "National Public Education Financial Survey," 2000-01

Sources of State Funding

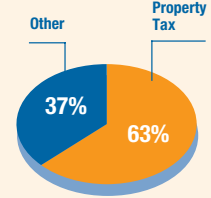
Total State Revenue: \$201 billion



Source: U.S. Census Bureau, "Public Education Finances Report, 2001"

Sources of Local Funding

Total Local Revenue: \$173 billion



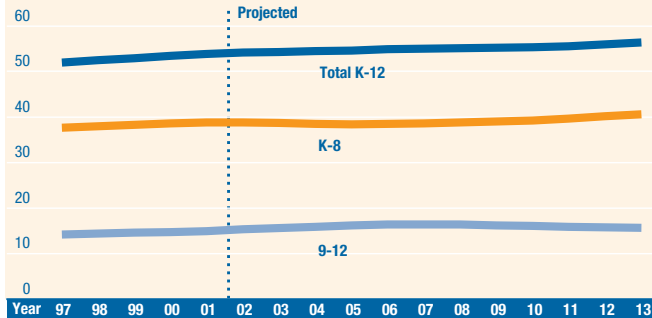
Source: U.S. Census Bureau, "Public Education Finances Report, 2001"

GROWING ENROLLMENTS

Total enrollments reached a record 54 million in 2001 and are projected to hit 56 million by 2013. K-8 enrollments are projected to decrease from 2002 through 2005 and then increase, reaching 40 million in 2013. 9-12 enrollments are projected to increase from 2002-2007 and then decrease through 2013.

Enrollment in Elementary and Secondary Institutions

(students in millions)



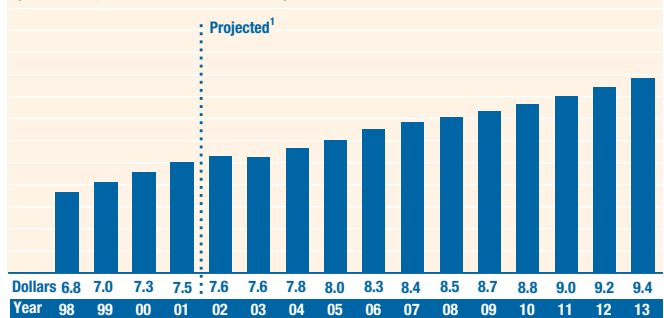
Source: U.S. Department of Education, National Center for Education Statistics, "Projection of Education Statistics to 2013"

GROWING EXPENDITURES

Expenditures per pupil in the United States have risen every year since 1992, showing a solid pickup after 1998. Expenditures are projected to continue to grow steadily through 2013, increasing 26% from 2001 to 2013.

Current and Projected Expenditures per Pupil

(in thousands, in constant 2001-2002 dollars)

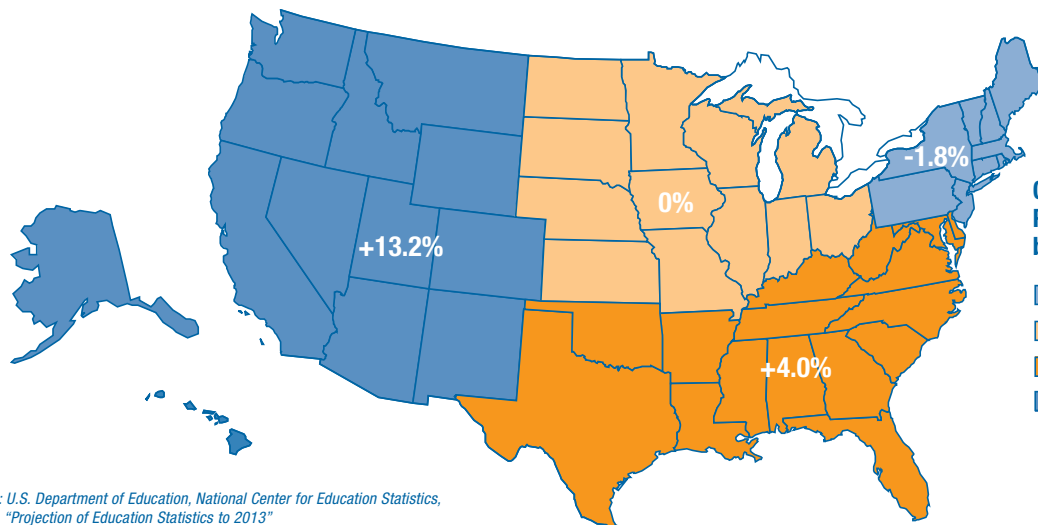


Source: U.S. Department of Education, National Center for Education Statistics, "Projections of Education Statistics to 2013"

¹ Middle range of projections cited

Geographic Shift in K-12 Enrollments

Enrollments are growing faster in the key adoption states in the west and south as Americans move into the Sunbelt.



Source: U.S. Department of Education, National Center for Education Statistics, "Projection of Education Statistics to 2013"

Changing U.S. K-12 Public School Enrollment by Region, 2001-2013

Northeast	-1.8%
Midwest	0%
South	+4.0%
West	+13.2%
TOTAL U.S.	3.9%

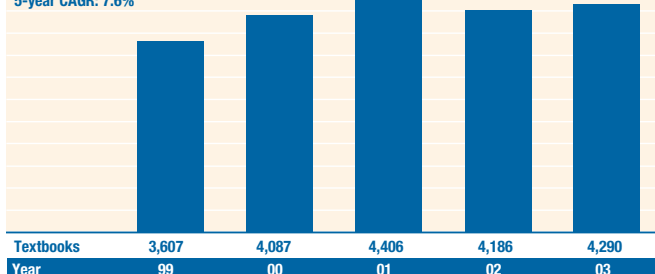
K – 12 SALES

In 2003, sales of textbooks and educational materials for the elementary/secondary school market increased 2.5% to \$4.3 billion, according to a report from the Association of American Publishers. **Editor's Note:** The AAP delayed the release of elementary/secondary sales data for 2002. When the AAP issues this data in 2004, pages 24 and 25 of the 2004 Investor Fact Book will be updated and posted in PDF format to MHP's Investor Relations website at www.mcgraw-hill.com/investor_relations

Estimated Total K–12 Industry Sales*

(sales in millions)

5-year CAGR: 7.6%



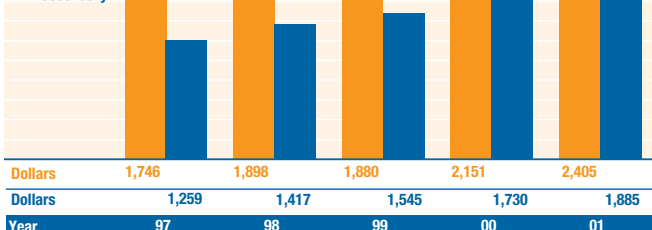
Source: AAP

* Textbooks and Educational Materials (Domestic and Non-Domestic)

Estimated Industry Sales: Elementary and Secondary*

(sales in millions)

Elementary
Secondary



Source: AAP

* Domestic and Non-Domestic

ELEMENTARY MARKET

Actual Sales by State (in thousands)

	2001	% of 2001 Total	2000
1 California	\$ 411,723	17.7%	\$ 376,734
2 Texas	259,971	11.2%	259,377
3 New York	142,769	6.1%	143,496
Top 3 for 2001	\$ 814,463	35.1%	\$ 779,607
4 Florida	124,419	5.4%	116,067
5 Illinois	105,461	4.5%	106,594
6 New Jersey	90,350	3.9%	82,949
7 Pennsylvania	83,833	3.6%	80,802
8 Ohio	83,450	3.6%	85,028
9 Michigan	72,547	3.1%	59,975
10 Georgia	69,344	3.0%	47,437
Top 10 for 2001	\$1,443,867	62.1%	\$1,358,459
11 North Carolina	63,171	2.7%	35,527
12 Tennessee	50,818	2.2%	28,458
13 Indiana	49,008	2.1%	32,526
14 Louisiana	44,555	1.9%	29,054
15 Arizona	43,529	1.9%	35,057
Top 15 for 2001	\$1,694,948	72.9%	\$1,519,081
All Others	\$ 628,528	27.1%	\$ 582,812
Total Domestic U.S.	\$2,323,476	100%	\$2,101,893

Source: AAP. Actual domestic sales as reported by 10 publishers for 2001
State ranking varies each year in accordance with adoption cycle

SECONDARY MARKET

Actual Sales by State (in thousands)

	2001	% of 2001 Total	2000
1 California	\$ 158,267	16.5%	\$ 138,580
2 Texas	103,766	10.8%	65,706
3 New York	63,221	6.6%	60,382
Top 3 for 2001	\$ 325,254	34.0%	\$ 264,668
4 Florida	57,138	6.0%	47,706
5 Illinois	50,328	5.3%	44,144
6 Ohio	39,251	4.1%	31,500
7 New Jersey	34,438	3.6%	32,817
8 Pennsylvania	33,825	3.5%	31,301
9 Georgia	30,776	3.2%	15,066
10 North Carolina	28,510	3.0%	21,039
Top 10 for 2001	\$ 599,520	62.6%	\$ 488,241
11 Michigan	24,662	2.6%	25,866
12 South Carolina	22,818	2.4%	15,081
13 Massachusetts	20,908	2.2%	21,987
14 Virginia	20,883	2.2%	23,857
15 Arizona	15,560	1.6%	17,519
Top 15 for 2001	\$ 704,351	73.6%	\$ 592,551
All Others	\$ 252,648	26.4%	\$ 254,553
Total Domestic U.S.	\$ 956,999	100%	\$ 847,104

Source: AAP. Actual domestic sales as reported by 10 publishers for 2001
State ranking varies each year in accordance with adoption cycle

Elementary Sales by Subject Category (in millions)

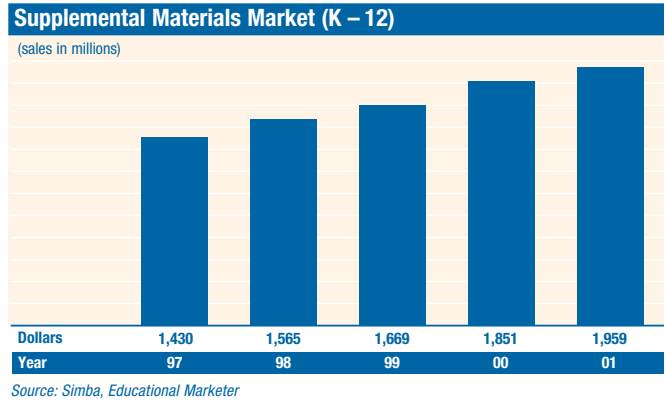
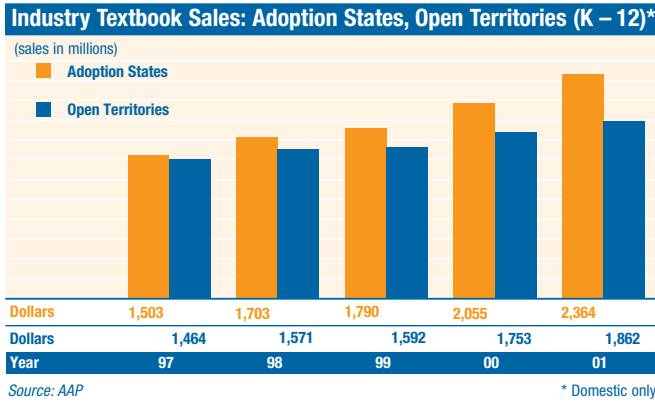
	2001	% of 2001 Total	2000	% of 2000 Total
Reading	\$ 471	59.0%	\$ 310	57.7%
Mathematics	177	22.2%	95	17.7%
Language Arts	93	11.6%	82	15.3%
Science	33	4.1%	30	5.6%
Social Studies	10	1.2%	13	2.3%
Music	—	0.0%	—	0.0%
All Others	15	1.8%	7	1.3%
Total	\$ 798	100%	\$ 536	100%

Source: AAP. Actual domestic sales as reported by 9 publishers for 2001

Secondary Sales by Subject Category (in millions)

	2001	% of 2001 Total	2000	% of 2000 Total
Literature	\$ 289	21.2%	\$ 244	20.0%
Science	270	19.7%	270	22.1%
Mathematics	237	17.3%	191	15.6%
Social Studies	219	16.1%	207	16.9%
English	135	9.9%	75	6.1%
Foreign Language	101	7.4%	106	8.7%
Vocational	43	3.1%	60	4.9%
All Others	55	4.0%	51	4.2%
Health	18	1.3%	18	1.5%
Total	\$ 1,366	100%	\$ 1,223	100%

Source: AAP. Actual domestic sales as reported by 8 publishers for 2001



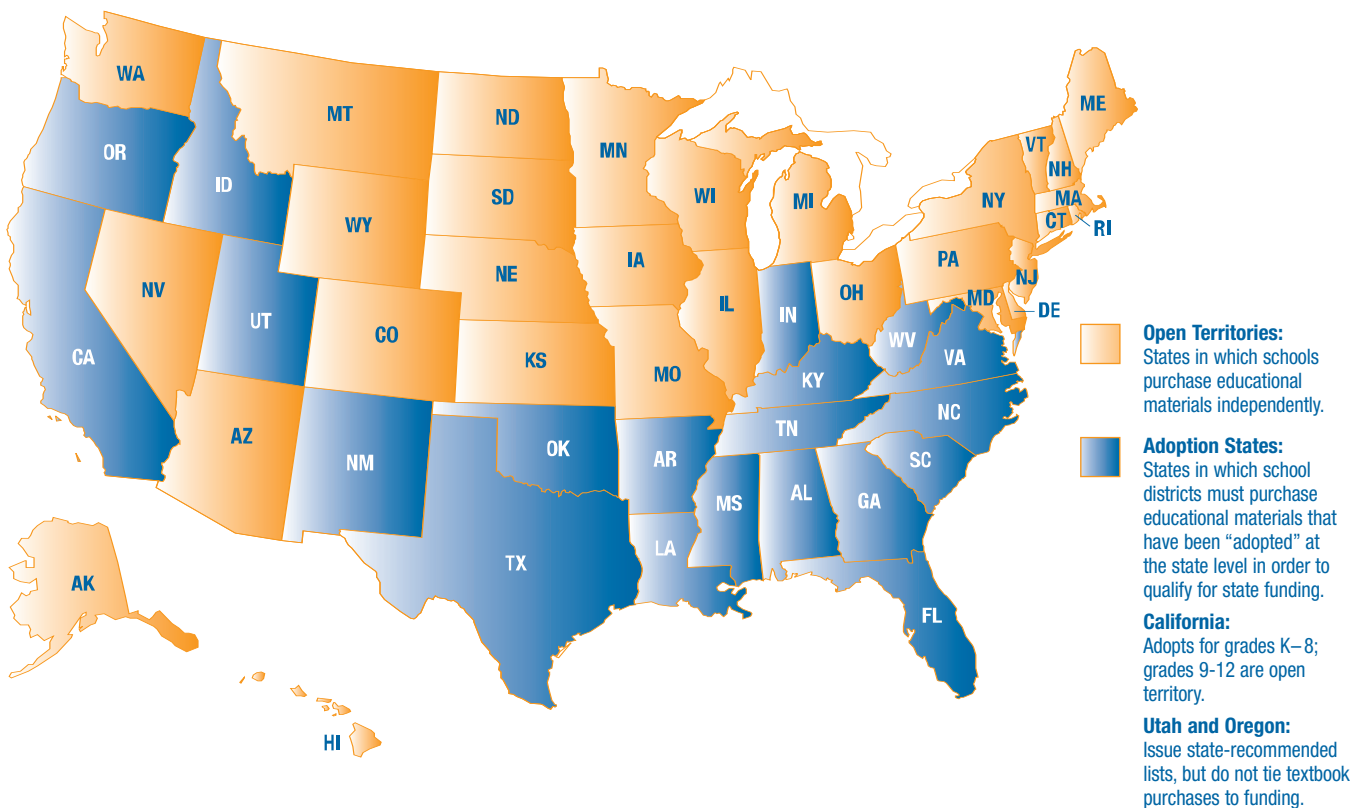
ADOPTION STATES AND OPEN TERRITORIES

Nineteen states use the adoption process to buy elementary and secondary textbooks. A twentieth state, California, adopts textbooks through the eighth grade.

In the adoption process, a state education board selects textbooks to be placed on an approved list. To use state education funds, local school districts must choose textbooks from the approved list.

In adoption states, the state board issues curriculum guidelines and schedules the purchase of new books in each subject area.

In the remaining states, known as “open territories,” textbooks are purchased independently by local school districts or individual schools. There are no statewide purchasing schedules or state-selected lists of textbooks.



EL-HI ADOPTION OPPORTUNITIES

Adoption state plans to buy new materials are a key factor in gauging prospects for the elementary and secondary school markets. In 2004, publishers face the lightest new adoption schedule of the decade. But starting in 2005, adoption state plans to buy new materials will rebound sharply and are expected to remain strong for the rest of the decade. Subjects on these schedules are ranked in order of average market size based on AAP estimates. The schedules are subject to change.

ELEMENTARY SCHOOL ADOPTION SCHEDULE

Bid Year	2003	2004	2005	2006	2007	2008	2009
Purchase Year	2004	2005	2006	2007	2008	2009	2010
Reading	South Carolina (K-5) Virginia (K-5) ¹	Arkansas (K-8) South Carolina (6-8)	Idaho (K-8) Kentucky (K-8) North Carolina (K-8)	Indiana (1-8) Tennessee (K-8) West Virginia (K-8)	Florida (K-8) Louisiana (K-8) Oklahoma (K-8)	Alabama (K-8) California (K-8) Georgia (K-8) New Mexico (P-8) Mississippi Texas (1-5) <i>Spn (1-5)</i>	South Carolina (K-5)
Math	Alabama (K-8) Florida (K-8) Idaho (K-8) Indiana (1-8) North Carolina (K-8) Oklahoma (K-8)	Louisiana (K-8) Tennessee (K-8) Virginia (K-8) West Virginia (K-8)	Arkansas (K-8)	Georgia (K-8) Mississippi (K-8) New Mexico (P-8) Texas (6-8) <i>Spn (6-8)</i>	California (K-8) South Carolina (K-8) Texas (1-5) <i>Spn (1-5)</i>	Idaho (K-8) Kentucky (K-8)	Florida (K-5) Indiana (1-8) North Carolina (K-5) Oregon (K-6)
English/ Language Arts	New Mexico (K-8) South Carolina (K-5) Tennessee (1-8) Virginia (K-5)	Arkansas (K-8) Oklahoma (K-8) South Carolina (6-8)	Kentucky (K-8) Mississippi (K-8) North Carolina (3-8)	Idaho (K-8) Louisiana (K-8) Oregon (K-8)	Alabama (K-8) Indiana (K-8) West Virginia (K-8)	California (K-8) Florida (K-5) Georgia (K-8) Texas (1) <i>Spn (1)</i>	New Mexico (P-8) South Carolina (K-5) Tennessee (1-8) Texas (2-8) <i>Spn (2-7)</i>
Science	Virginia (K-8)	Idaho (K-8) Indiana (1-8) North Carolina (K-8)	Alabama (K-8) Florida (K-8) New Mexico (P-8) Oklahoma (K-8) West Virginia (K-8)	Arkansas (K-8) California (K-8) South Carolina (K-8)	Georgia (K-8) Kentucky (K-8) Mississippi (K-8)	Oregon (K-8) Tennessee (K-8)	Louisiana (K-8)
Social Studies	West Virginia (K-8)	Alabama (K-8) Florida (K-8) Georgia (K-8) Mississippi (K-8) New Mexico (P-8) Oregon (K-8)	California (K-8) Louisiana (K-8) South Carolina (K-8)	Kentucky (K-8) Oklahoma (K-8)	Arkansas (K-8) Idaho (K-8) North Carolina (K-8) Tennessee (K-8)	Indiana (1-8)	—
Health	Alabama (K-8) Arkansas (K-8) Kentucky (K-8) North Carolina (K-8)	California (K-8) Idaho (K-8) Indiana (1-8) South Carolina (K-8) Texas (1-8)	New Mexico (P-8) West Virginia (K-8)	Florida (K-8) Mississippi (K-8)	Georgia (K-8) Oregon (K-8)	Oklahoma (K-8) Tennessee (K-8)	Kentucky (K-8) Louisiana (K-8)
Music	Louisiana (K-8)	Georgia (K-8) Kentucky (K-8) Mississippi (K-8) Texas (1-8)	Indiana (1-8) Oregon (K-8) Tennessee (K-8)	Alabama (K-8) California (K-8) Idaho (K-8) New Mexico (P-8) North Carolina (K-8) Oklahoma (K-8) South Carolina (K-8)	—	Florida (K-8) West Virginia (K-8)	Arkansas (K-8)
Spelling	South Carolina (K-5)	Arkansas (K-8) Oklahoma (K-8)	Kentucky (K-8) Mississippi (K-8) Tennessee (1-8)	Idaho (K-8) West Virginia (K-8)	Alabama (K-8) Indiana (K-8)	Georgia (K-8)	South Carolina (K-5)
Literature	Virginia (6-8)	South Carolina (6-8)	Idaho (K-8) Kentucky (K-8) North Carolina (6-8) Tennessee (6-8)	Louisiana (6-8)	Indiana (K-8) Oklahoma (K-8)	Alabama (K-8) Florida (6-8) Mississippi Texas (6-8) <i>Spn (6)</i>	—
ESL	Georgia (K-8) Oregon (K-8) Tennessee (K-8) Texas (1-8)	Oklahoma (1-8)	—	—	Arkansas (K-8)	Florida (K-8)	Georgia (K-8) Tennessee (1-8) Texas (1-8)
Technology	Texas (1-8)	—	—	—	—	—	—
Handwriting	Louisiana (K-8) Tennessee (K-8)	Arkansas (K-8) Idaho (K-8) Oklahoma (K-8)	Kentucky (K-8) Mississippi (K-8) South Carolina (K-5)	Indiana (1-8)	Alabama (K-8) West Virginia (K-8)	—	—
Dictionaries	Tennessee (1-8)	Arkansas (K-8) Oklahoma (1-8)	Mississippi (K-12)	Idaho (K-8)	Alabama (K-8)	Florida (K-8)	—

Source: AAP School Division/NASTA

Schedules are subject to change. Subjects are listed in order of average market size based on AAP estimates
Italics indicate Spanish-language program

¹ Districts that did not purchase in 2002 when adoption was postponed

² History only

³ 2003 bid year based on actual participation

⁴ Selected titles

SECONDARY SCHOOL ADOPTION SCHEDULE

Bid Year	2003 ³	2004	2005	2006	2007	2008	2009
Purchase Year	2004	2005	2006	2007	2008	2009	2010
Science	South Carolina ⁴ (9-12) Texas ⁴ Virginia	Idaho ⁴ Indiana North Carolina	Alabama Florida (6-12) New Mexico Oklahoma West Virginia	Arkansas California (6-8) Nevada South Carolina (6-8, 9-12 ⁴)	Georgia Kentucky Mississippi Nevada	Nevada Oregon South Carolina ⁴ (9-12) Tennessee	Idaho Louisiana North Carolina South Carolina ⁴ (9-12)
Social Studies	South Carolina ⁴ (9-12) West Virginia	Alabama Florida (6-12) Georgia Mississippi Nevada New Mexico Oregon South Carolina ⁴ (9-12)	California (6-8) Louisiana Nevada South Carolina ⁴ (6-8)	Kentucky Nevada Oklahoma	Arkansas Idaho ⁴ North Carolina South Carolina ⁴ (9-12) Tennessee	Indiana	South Carolina ⁴ (9-12)
Mathematics	Alabama Florida (6-12) Idaho ⁴ Indiana North Carolina Oklahoma South Carolina ⁴ (9-12)	Louisiana Tennessee Virginia West Virginia	Arkansas	Georgia Mississippi New Mexico	California (6-8) Texas	Idaho ⁴ Kentucky North Carolina South Carolina ⁴ (6-12)	Alabama Florida (6-12) Indiana Oklahoma Oregon South Carolina ⁴ (9-12)
Literature	—	Arkansas (9-12) Virginia	Idaho ⁴ Kentucky Mississippi North Carolina (9-12) Tennessee	Indiana (6-8 Reading) Louisiana (6-12) Oregon West Virginia	Indiana Oklahoma South Carolina (9-12)	Alabama Florida Mississippi New Mexico Texas	—
Reading	Idaho	Arkansas ⁴ Idaho Oklahoma ⁴	Idaho North Carolina (6-8)	Idaho Indiana ⁴ Tennessee (6-12)	Florida ⁴ Idaho Louisiana (6-8) Oklahoma ⁴	Alabama California ⁴ (6-8) Idaho Mississippi New Mexico	—
English/ Language Arts	Georgia (9-12) Nevada (6-12) New Mexico Tennessee	Arkansas Nevada (6-12) Oklahoma Virginia	Kentucky Mississippi North Carolina (6-12)	Idaho ⁴ Louisiana (6-8) Oregon West Virginia	Alabama Indiana Louisiana (9-12) West Virginia	California ⁴ (6-8) Florida Georgia (6-8)	Georgia (9-12) New Mexico Tennessee Texas
World Languages	California (6-8) Georgia Louisiana Oregon Tennessee	Kentucky North Carolina ⁴ Texas Virginia	Nevada	Alabama Florida Idaho ⁴ North Carolina ⁴ Nevada	Indiana Mississippi Nevada South Carolina (6-12)	Arkansas New Mexico Oklahoma West Virginia	Georgia North Carolina ⁴ Tennessee
Business Education	Florida ⁴ Idaho ⁴ South Carolina ⁴ Texas	South Carolina ⁴	Georgia Indiana Tennessee	Florida ⁴ Mississippi ⁴ South Carolina ⁴	New Mexico North Carolina South Carolina ⁴	Arkansas Idaho ⁴ Louisiana Oklahoma South Carolina ⁴	Alabama Florida ⁴ South Carolina ⁴
Computer Education	Florida Idaho ⁴ Kentucky Texas	Idaho ⁴ South Carolina ⁴ Tennessee	Arkansas Idaho ⁴ Oklahoma South Carolina ⁴	Florida Idaho ⁴ Mississippi	Idaho ⁴ South Carolina ⁴	Idaho ⁴ Oklahoma South Carolina ⁴	Alabama Florida Kentucky Louisiana ⁴
Health (H) Physical Education (PE)	Alabama (H, PE) Arkansas (H, PE) Kentucky (H, PE) Nevada (H) North Carolina (6-9) (H)	California (6-8) H Idaho (H) Indiana (H) Texas (H, PE)	New Mexico (H, PE) South Carolina (6-12) (H) West Virginia (H)	Arkansas (H, PE) Florida (H, PE) Mississippi (H, PE)	Georgia (H, PE) Oregon (H) South Carolina (PE)	Louisiana (H, PE) North Carolina (6-9) (H) Oklahoma (H, PE) Tennessee (H)	Alabama (H, PE) Arkansas (H, PE) Idaho (H) Kentucky (H, PE) Louisiana (H, PE)
Family/ Consumer Science	Arkansas Texas	South Carolina ⁴	Georgia Indiana Mississippi South Carolina ⁴	Florida North Carolina	New Mexico South Carolina ⁴	Louisiana Oklahoma Tennessee West Virginia ⁴	Alabama Arkansas
Art (A) Music (M) Drama (D) Speech (S)	Louisiana (A, M) Tennessee (S)	Florida (D, S) Georgia (A, M, D) Kentucky (A, M, D) Mississippi (A, M) Oklahoma (S) Texas (A, M, D)	Indiana (A, M) Kentucky (S) Oregon (A, M) Tennessee (A, M, D)	Alabama (A, M, D) California (A, M 6-8) Florida (A) Idaho ⁴ (A, M, D, S) New Mexico (A, M, D) North Carolina (A, M, D) Oklahoma (A, M, D)	Alabama (S) South Carolina ⁴ (A, M 6-12, D, S)	Arkansas (A, M) Florida (M, D, S) Louisiana (S) West Virginia (A, M)	Tennessee (S) Texas (S 7-8)
Vocational/ Technical Education	Arkansas Florida ⁴ Idaho ⁴ Kentucky North Carolina Texas	South Carolina ⁴	Georgia Indiana Tennessee	Arkansas ⁴ Florida ⁴ Mississippi ⁴ South Carolina ⁴	Mississippi ⁴ New Mexico South Carolina ⁴	Idaho ⁴ Louisiana North Carolina Oklahoma South Carolina ⁴	Alabama Arkansas Florida ⁴ Kentucky
Career/Workforce Education	Idaho ⁴ North Carolina Texas	Mississippi	Georgia	—	New Mexico	Arkansas Idaho ⁴ Louisiana North Carolina Oklahoma	Alabama
Driver Education	Kentucky	—	Idaho ⁴ South Carolina Tennessee	Alabama Mississippi	Arkansas Georgia New Mexico	Florida Oklahoma West Virginia	Kentucky

TECHNOLOGY FOR THE K-12 CLASSROOM

It is a pivotal time in education: *No Child Left Behind*, coupled with the convergence of technology and accountability has the potential to raise the level of expectations and effectiveness of education. Educators are starting to use the power of the computer to individualize instruction, manage their workload more effectively, and measure student performance.

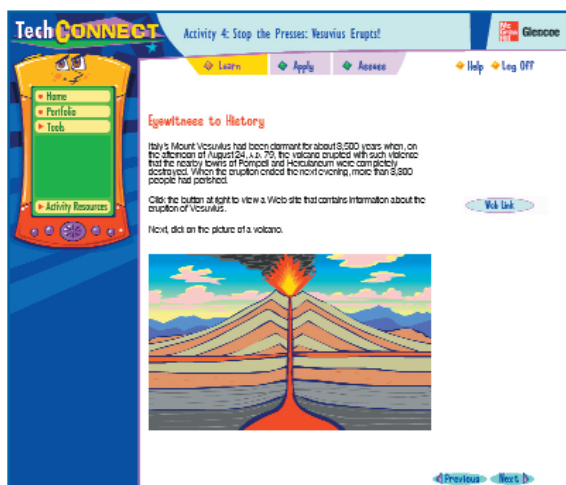
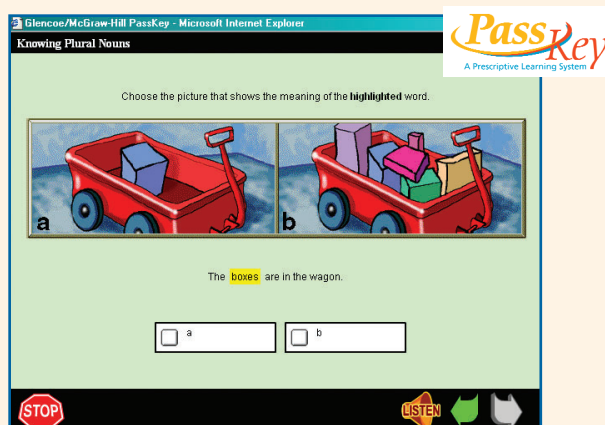
To meet the market's growing appetite for technology-based solutions, the McGraw-Hill School Education Group provides a growing array of digital offerings ranging from stand-alone curriculum products to programs that support the Group's print-based materials.

Glencoe/McGraw-Hill

PassKey

www.passkeylearning.com

- Self-paced learning system helps students gain proficiency in reading, writing, math, science, and social studies
- Built-in diagnostics identify skill deficiencies and prescribe lessons needed for mastery
- Hundreds of computer-based lessons challenge beginning to advanced learners
- Correlated to state proficiency and various national standardized tests
- Teachers can assign lessons, track student progress, and view individual/group reports



Glencoe/McGraw-Hill

TechCONNECT

www.techconnect.glencoe.com

- Helps students in grades 6-8 develop proficiency in computer skills as they master core content in language arts, math, science, and social studies
- Online activities integrate word processing, spreadsheet, database, presentation, graphics, and e-mail skills
- Supports national technology standards
- Correlated to major textbooks, teachers can integrate activities into their lesson plans
- Program provides bilingual (Spanish-language) audio instruction

SRA/McGraw-Hill

Breakthrough to Literacy

CD-ROM-based product

- An early reading program with a proven track record of increased student achievement in vocabulary, phonological/phonemic awareness, alphabet knowledge, word recognition, and language and writing skills
- Produces results in early language and literacy by investing in the science of reading and the science of teaching
- Improves performance of all students – independent of demographics or economic status
- Major 2003 customer implementations included Fort Worth, TX (266 new classrooms) and New Haven, CT (103 new classrooms)



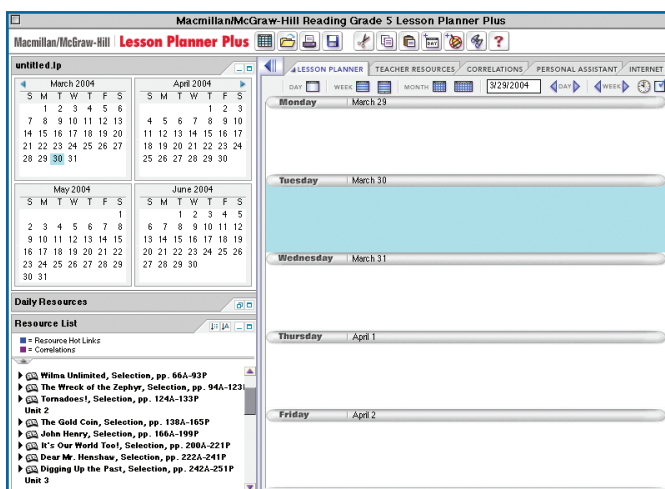
SRA/McGraw-Hill

Open Court Reading Online Products

<http://tour.opencourtreading.com>

Online supplemental products enhance the deployment and use of *Open Court Reading*, a program for K-3 students, by supporting teachers and students

- **Open Court Reading Online Assessment** helps teachers diagnose student progress in the program and define a plan of action for each student based on prescriptive analysis. Assesses performance from student-level to the district-level in preparation for state testing standards and NCLB requirements
- **Open Court Reading Online Professional Development** includes 20 courses that reinforce a teacher's understanding and application of *Open Court Reading*. Uses best-practice video examples, instructor-led online discussion groups, and text resources
- **Open Court Reading Online Phonics** expands phonics instruction through nearly 300 multimedia activities. Online activities assess student progress, tailor instruction, and alert teacher in real-time when intervention is needed



Macmillan/McGraw-Hill

Lesson Planner Plus

CD-ROM-based product

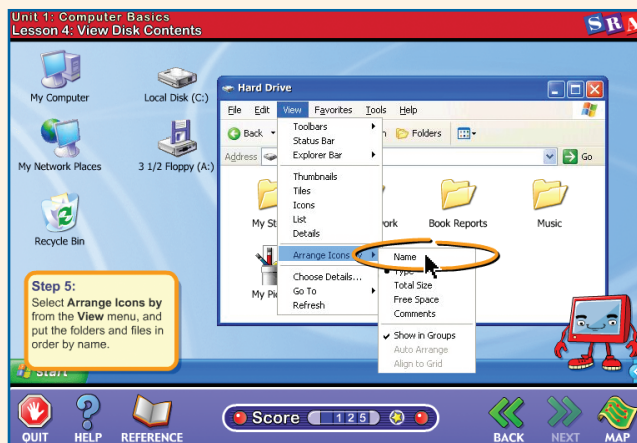
- Provides classroom management and productivity tools for Pre-K–6 teachers
- An intuitive lesson-planning wizard guides teachers as they create traditional or block scheduling lesson plans
- Centralizes teacher resources and state correlations in one location to facilitate effective utilization in the classroom
- Provides links to additional online resources

SRA/McGraw-Hill

TechKnowledge

www.sratechknowledge.com

- Skills-based computer curriculum helps students in grades Pre-K–6 become technology literate
- Uses animated characters and flexible software delivery (via Internet or CD-ROM) to teach word processing, spreadsheet, Internet research, and computer graphics applications
- 15-minute lessons enable simple integration with existing classrooms and include cross-curricular projects, state curriculum alignment, optional Spanish audio, and self-paced instruction



EDUCATIONAL ASSESSMENT SOLUTIONS

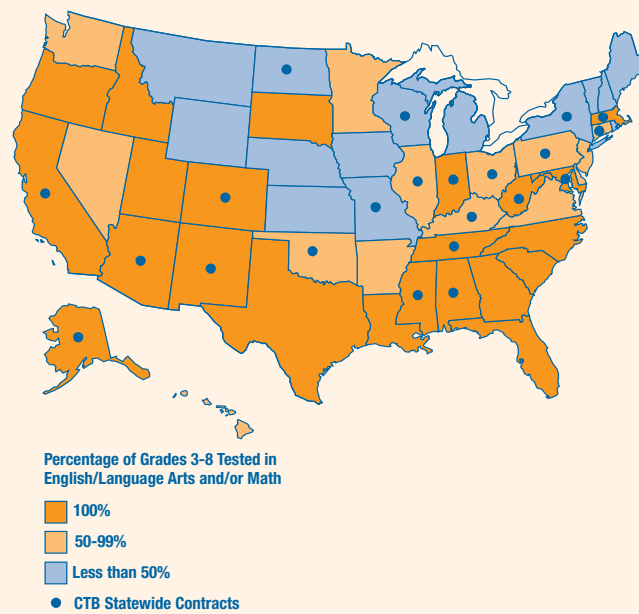
The McGraw-Hill Companies' CTB/McGraw-Hill brand is a recognized leader in providing high quality assessment solutions for learners of all ages. CTB's tests provide data that can help educators make critical decisions to improve instruction, enhance programs, and ensure reliable measures of accountability.

Products and services include nationally standardized tests for grades K–12, early learning materials, adult education assessments, comprehensive scoring and reporting services, online skill-building tests, language proficiency assessments, and software and online solutions for managing and reporting annual student progress toward state and national goals.

CTB serves more than 8,500 districts and dioceses across the country and more than 15 million students a year. It is the test publisher for customized statewide assessment programs in nearly half of the nation's states.

In addition to strong national presence, CTB/McGraw-Hill is developing opportunities in Eastern Europe, China, Mexico, and the Middle East. The most recent international contract, awarded to CTB by the State of Qatar, includes development of mathematics and science assessments for more than 85,000 students, as well as collaborative work with the Ministry of Education to establish a new education system and position Qatar as a world leader in education.

CTB Statewide Testing Programs



MARKET OPPORTUNITIES

The No Child Left Behind Act

Since the passage of the *No Child Left Behind* (NCLB) Act in 2001, states and districts have been developing assessment plans to meet the new law's requirements for standards, annual assessments, corrective actions, and annual state report cards. Mandatory testing in reading and mathematics in grades 3-8 will be required by the 2005–2006 school year. In 2007–2008, schools must start testing in science at three different grade levels, 3-5, 6-9, 10-12. The new legislation requires measurement of students' academic achievement and reporting of adequate yearly progress in these content areas by various demographics.

Key to CTB's base business is the implementation and continued funding of NCLB's assessment and accountability provisions. The current Federal budget allocates \$390 million for state development and implementation of these requirements. Most states will supplement their allocations.

CTB is well positioned to build business in alignment with the new legislation, with its range of solutions and ability to provide full service support. In addition, The Workforce Investment Act and Head Start, both of which are slated for Congressional action in 2004, provide opportunities for the sale of adult and early childhood assessment products respectively.

Early Reading First and Reading First

The *No Child Left Behind Act* places a renewed emphasis on early childhood education. Federal funding supports *Early Reading First* programs for three- to five-year olds and *Reading First* Programs for K–3. CTB's *Fox in a Box* early learning assessment and its flagship assessment, *TerraNova*, help educators screen and diagnose student strengths and weaknesses in pre-reading and reading skills as required by the legislation. CTB's products are on the *Early Reading First/Reading First* state adoption lists in 24 states.

Urban Initiatives

CTB currently provides assessment services to 39 of the top 100 urban districts in the country.

Formative skill-building assessment programs, given at the local and district level, are needed to measure and report individual student and group progress throughout the school year in relation to state academic achievement standards. Links to instructional resources and professional development are also key to districts' success in meeting NCLB requirements.

English Language Learners

Title I and Title III of the Elementary and Secondary Education Act require the establishment of English-language proficiency standards and an annual assessment of English skills for all Limited English Proficient students. CTB/McGraw-Hill is a leader in language-proficiency assessment with its current assessment, the Language Assessment Scales, and its new 2005 assessment focusing on English Language Proficiency Development.

Professional Development for Teachers

NCLB has set new quality goals for teacher development and provides additional funding for teacher training. The legislation places particular emphasis on developing more effective use of technology to support instruction and to improve teacher understanding of assessments and assessment results.

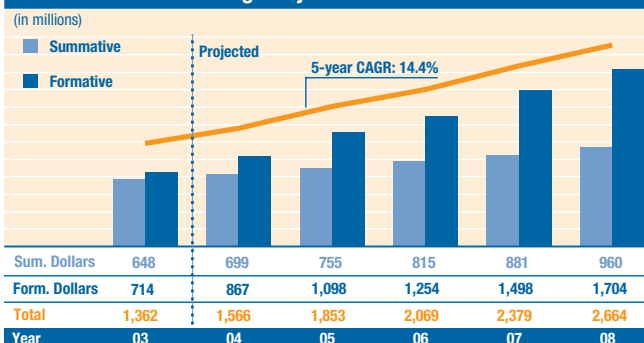
From teacher-support materials for achievement tests to early-learning training tools, CTB provides support for administrators, teachers, and parents to better understand test data and enhance teaching and learning. New professional development contracts in Anaheim, Los Angeles, Baltimore, and New York City were acquired in 2003.

ALIGNING FOR GROWTH

States and districts will continue to require support in many aspects of assessment and accountability, particularly in benchmark testing, professional development, summative testing, and tracking student progress. As a result, the educational testing market is projected to grow to \$2.6 billion by 2008.

CTB's complete range of products and services is presented in its online catalog at www.ctb.com. CTB's website also includes enhanced customer service capabilities, state-specific information, informational resources, and online ordering capabilities, with guided selling services as a new feature in 2004. The site allows CTB staff to provide customized service in a secure environment and helps customers take advantage of technology to build an assessment program that meets their needs.

K-12 Educational Testing: Projected Market Growth



Sources: Simba, Eduventures, and historical trend data

SUMMATIVE AND FORMATIVE ASSESSMENTS

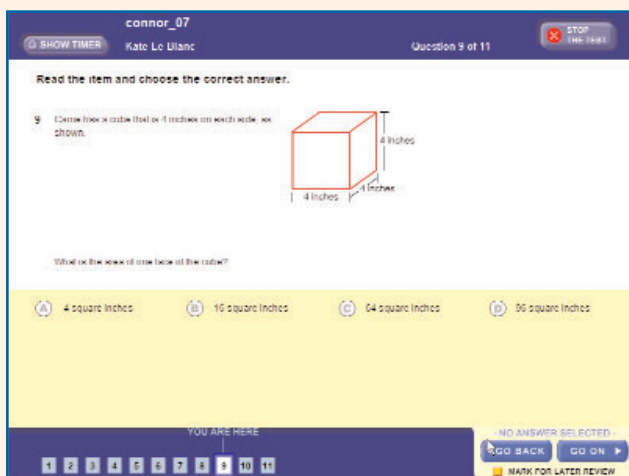
CTB products include both summative and formative assessments. Summative tests are culminating assessments, providing information on students' mastery of content, knowledge, and skills. Formative assessments provide feedback to the teacher for the purpose of improving instruction throughout the school year. Both types of assessment are important in the current education landscape.

Summative assessments are used as an annual benchmark to measure student progress or to support other high-stakes decisions such as high school exit exams. Formative assessments are used to ensure that teachers have the information they need in the classroom to focus instruction – so that they can begin to close the achievement gap and ensure adequate yearly student progress.

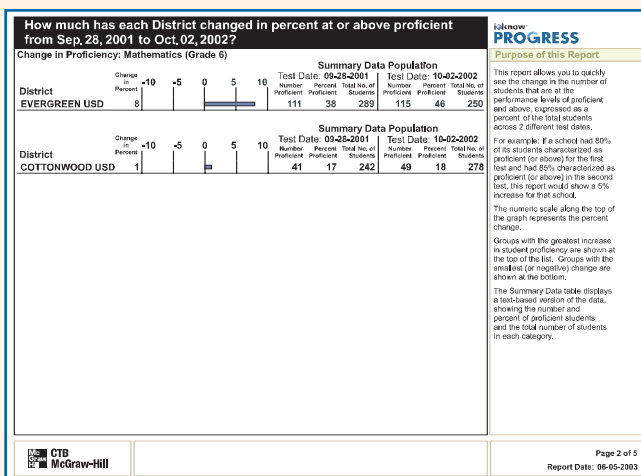
EXPANDING CTB'S I-KNOW FAMILY OF ONLINE ASSESSMENT RESOURCES

During 2003, CTB continued to update its online assessment system for classroom teachers. The flagship online product, *i-know*, now includes five online item banks covering science, social studies, language, reading, and mathematics for grades 3-8. New item types and updated reports have also been introduced into *i-know* to give teachers the best possible information to improve student achievement. The *i-know* resources now include content aligned to specific state standards and research-based scaled tests that show growth and achievement during the school year. CTB will continue to release state-relevant versions of *i-know*, as well as new grade 3-12 content, during 2004 and 2005.

CTB also introduced five new reporting products in the *i-know Progress* reporting system, providing educators at the school, building, district, and state level with the opportunity to monitor student progress and to ensure that every student is progressing toward proficiency. The new *i-know Progress* online reporting resources provide analysis of all test data, from formative to year-end assessments, enabling educators to fulfill their data reporting responsibilities under the *No Child Left Behind's* Adequate Yearly Progress requirements. These easy-to-use reporting tools allow educators to make more immediate decisions about resource allocation and individualized student learning plans to ensure the most beneficial classroom learning experience for our students.



i-know content is aligned to state standards



i-know Progress reporting system allows educators to monitor student progress

EDUCATION REFORM: NEW OPPORTUNITIES FOR THE McGRAW-HILL COMPANIES

Signed into law in January 2002, the *No Child Left Behind Act* ushers in a new era of reform in U.S. education by focusing public attention on accountability and standards. The new emphasis on

accountability will result in increased use of testing to measure progress, greater use of proven teaching methods, the professional development of teachers, and more technology in the classroom.

FEDERAL FUNDING FOR MAJOR NCLB PROGRAMS

Major Programs	Appropriated Federal Funds				Comments
	Year 1 Funding from Fed FY 2002	Year 2 Funding from Fed FY 2003	Year 3 Funding from Fed FY 2004	Year 4 Funding from Fed FY 2005 ¹	
Testing in reading, math (grades 3-to-8); science (three grade levels)	\$387 million	\$384.5 million	\$390 million	\$410 million	Formula grants to pay cost of developing additional standards and assessments required by NCLB and administering those assessments
Reading First	\$900 million	\$993.5 million	\$1.023 billion	\$1.125 billion	Reading programs to ensure every child can read at or above grade-level by end of third grade
Early Reading First	\$75 million	\$74.5 million	\$94.4 million	\$132 million	Reading programs for 3- to 5-year-olds
Mathematics and Science Partnerships	\$12.5 million	\$100.3 million	\$149.1 million	\$269.1 million	Promotes strong teaching skills for elementary and secondary math and science teachers
Improving Teacher Quality	\$2.85 billion	\$2.931 billion	\$2.930 billion	\$2.930 billion	Funding to help States meet highly-qualified teacher requirement by 2005-06 year
Technology in Classrooms	\$785 million	\$695.9 million	\$691.8 million	\$691.8 million	Supports efforts to integrate technology into classroom activities and instruction
Safe and Drug-Free Schools & Communities	\$472 million	\$469.0 million	\$440.9 million	\$440.9 million	Prevention programs on school violence, alcohol, tobacco, and drugs
Data Analysis and Reports	\$385 million	\$384.1 million	\$385 million	\$296.5 million	Administrative programs, including independent analysis to measure, report school district performance

FOLLOWING THE FUNDING FOR READING FIRST

Federal grants will be made to state education agencies each year for a six-year period, subject to annual appropriations and reports of satisfactory progress. Currently there is visibility on four years of funding.

Schedule of Reading First Grants to States

Year 1 funds were awarded to States between June 2002 and October 2003

Year 2 funds were awarded to States between July and October 2003

Year 3 funds will be awarded to States between July and October 2004

¹ Year 4 funding levels were proposed by President Bush in Feb. 2004 as part of the 2005 Federal budget, which requires approval by Congress. New grants would probably be awarded to States between July and October 2005

Corresponding Federal Fiscal Year

Federal FY 2002 (Oct. 1, 2001 – Sept. 30, 2002)

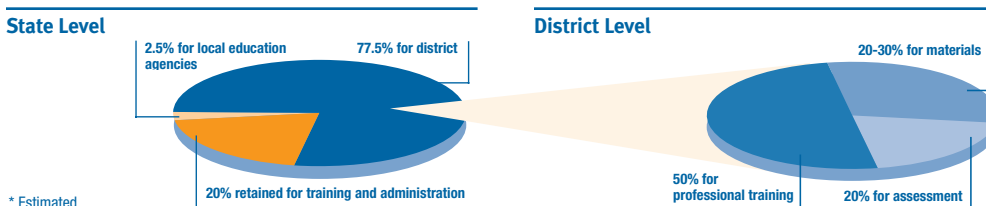
Federal FY 2003 (Oct. 1, 2002 – Sept. 30, 2003)

Federal FY 2004 (Oct. 1, 2003 – Sept. 30, 2004)

Federal FY 2005 (Oct. 1, 2004 – Sept. 30, 2005)

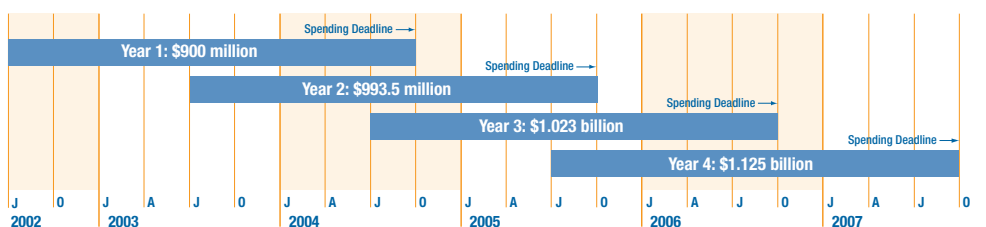
Source: U.S. Department of Education

Allocation* of Federal Funds at State- and District-Level



To obtain *Reading First* funds from State Education Agencies (SEAs), the Local Education Agencies (LEAs) must submit a detailed plan for utilizing the grant. More than 3,600 LEAs are eligible for *Reading First* grants. The SEA and LEA together have 27 months to spend each grant.

Reading First Grants to States: Receipt of Funding and Spending Deadlines



Note: The fiscal year for 46 states in the United States is July to June

Performance Review

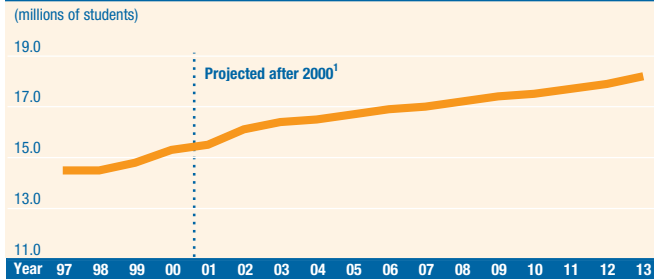
- Department of Education requires annual reports.
- After three years, the State Education Agency must submit a midpoint progress report that will be reviewed by an expert panel.

TECHNOLOGY SOLUTIONS

The innovative use of technology continues to be the key trend in higher education for course management and content delivery. Digital solutions are transforming the classroom and providing students a more enriched learning experience. McGraw-Hill's Higher Education, Professional and International (HPI) Group will continue to take advantage of the convergence of technology and content to create new solutions, including more online and hybrid courses for the higher education market.

Online courses are expected to grow about 20% per year and enrollments include both distance and regular students. Currently only 3% of all post-secondary students take all their courses online, but between 8% and 13% of all regular students take at least one online course (depending on the size and type of institution). There is also a growing use of hybrid courses – a blend of bricks-and-mortar classrooms with online sessions. In hybrid courses, students meet twice a week in a classroom and go online once a week.

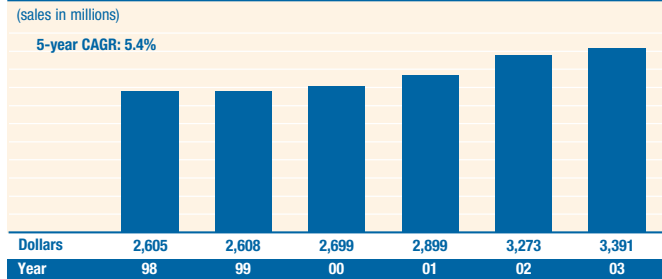
U.S. Higher Education Enrollments



Source: U.S. Dept. of Education, National Center for Education Statistics, Projections of Education Statistics to 2013

¹ Middle range of projections cited

Industry Sales: College New Book Sales*



Source: AAP

* Domestic

INCREASING THE VALUE PROPOSITION FOR THE HIGHER EDUCATION MARKET

The HPI Group is increasing the value proposition for the higher education market by marrying text and technology to provide digital content, mobile resources, course management, and online assessment. The table below and the illustrations on page 34 show the expanding range of digital solutions now available.

E-LEARNING SOLUTIONS

INSTRUCTOR BENEFIT

STUDENT BENEFIT

DIGITAL CONTENT *Online content keeps books current long after the publication date and offers students an interactive way to study*

Folio Live www.FolioLive.com

- Students create an electronic portfolio of their course work, class projects, and resume to which an instructor can provide guidance and feedback

- Students are grouped by course which facilitates access for instructors as they provide guidance and feedback

- Students can create portfolios for course work or personal use
- Purchased as a one-year subscription

Primis Content Center www.mhhe.com/primis/online

- Proprietary platform has a database of 1,400,000 pages of content, including 900 full texts, business cases, articles, reading collections, and lab manuals

- Instructors have total control over textbook content
- Can easily include own material in the custom text
- Immediately preview custom text online

- An accurate, complete version of a professor's course material
- Save money; buy only required materials

e-books

- Electronic versions of over 900 McGraw-Hill titles
- Create custom e-books using Primis Online

- Millions of resources available through Primis Content Center (see above)
- Instructor adds own material and indicates proper sequence

- Download e-book to PC or view online
- Dynamic medium enables electronic note taking and research links

MOBILE RESOURCES *Flexible delivery of study materials outside of the classroom for busy students*

PowerWeb To Go www.PowerWebToGo.com

- Resource of discipline-specific journal articles, news, and other current content that can be downloaded to students' PDAs

- Current course material can be downloaded directly from a textbook website

- Study anytime, anywhere in a new and fun way using a PDA
- Instant mobile access

COURSE MANAGEMENT SYSTEMS *Powerful systems that house digital McGraw-Hill content for online courses*

Third-Party Delivery Systems

- Online Learning Centers can be delivered through HPI's PageOut or third-party (Blackboard, WebCT and eCollege) platforms

- Provides instructors control over their course content
- Offers flexibility to potential adopters concerned with compatibility issues with their school's selected platform

- Extended coverage of topics is provided in an interactive medium
- Content is fully customizable

ONLINE ASSESSMENT *These products target students who need help and make sure they keep pace with the rest of the class*

ALEKS™ www.highed.aleks.com

- Artificial-intelligence-based product offers assessment and diagnostic tools to individual students for higher education mathematics, statistics, business, and accounting courses

- Instructors can track time-on-task and monitor progress for individual students and entire classes from any Web-enabled computer

- Individualized tutorial and study plans
- Accessible via the Web; minimal system requirements

SimNet XPert™ www.mhhe.com/it/simnetxp/

- Award-winning learning and assessment software for students learning software applications and computer concepts

- Single solution for all introductory IT courses
- Efficient and effective delivery of computer-based learning and proficiency-based assessments

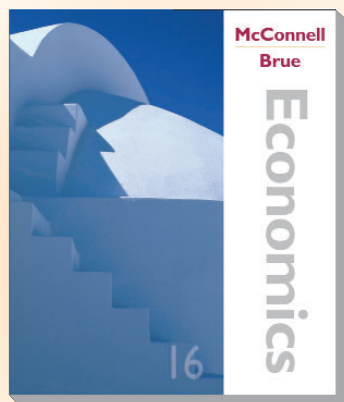
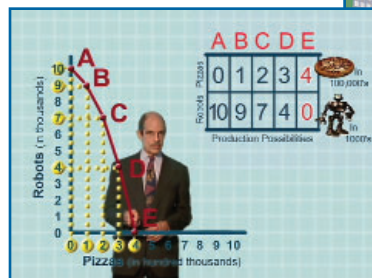
- Students can prove proficiency in a realistic, simulated interface
- Includes student remediation features

HOW DIGITAL COURSE MATERIALS MARRY TEXT AND TECHNOLOGY: McCONNELL & BRUE'S *ECONOMICS*, 16TH EDITION

Content/Online Assessment

DiscoverEcon Online with Paul Solman Videos

Chapter-by-chapter tutorials include videos, summaries, exercises, interactive graphs, and multiple-choice quizzes – all with textbook references



New edition of McConnell & Brue's *Economics*: More resources for students and instructors

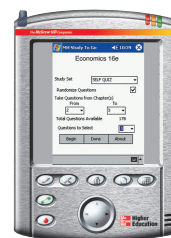
Features:

- Nearly 4 hours of original videos hosted by Paul Solman, *Lehrer NewsHour*
- Segments tie back to McConnell & Brue's *Economics*, 16/e
- Uses real-world/industry settings to illustrate concepts
- E-submission capability
- Instructor management system

Mobile Resources

McGraw-Hill's Study-to-Go

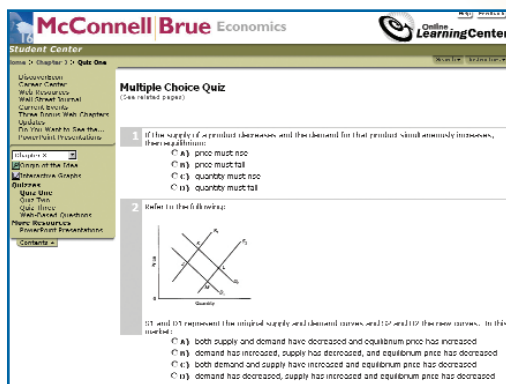
Students download online material to their PDA for convenient access to textbook-related study material



Course Management Systems

PageOut

Course website allows instructors to assign coursework, post grades, track student progress. Digital content can be used by third-party systems including WebCT, Blackboard, and eCollege



Content

Online Learning Center

Textbook-specific website includes graphs, quizzes, animations, and a feed from *The New York Times*



Content

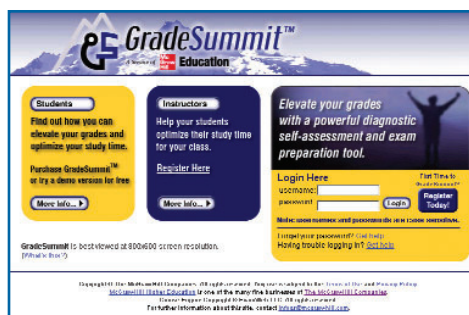
Classroom Performance System (CPS)

Students use wireless transmitters during lectures to answer questions and receive instant feedback

Online Assessment

GradeSummit

Online diagnostic self-assessment and exam preparation tool



Content

PowerWeb

Instructors integrate real-world content into courses using discipline-specific news articles and essays

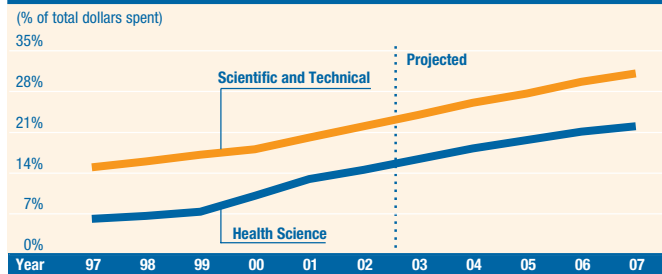


DIGITAL CONTENT FOR THE PROFESSIONAL MARKETS

For professionals, the Higher Education, Professional and International (HPI) Group delivers suites of online subscription products based on leading print brands. Research updates, reviews, professional news, and new references are published everyday on the sites. The addition of dynamic content transforms the business from a one-at-a-time print sales model to an annual subscription model. Subscription renewals by institutions exceed 80%. Approximately 25% of revenue is from outside the U.S.

The share of spending for online subscription services continues to grow. (See chart)

Professional Publishing Industry Sales for Online Services

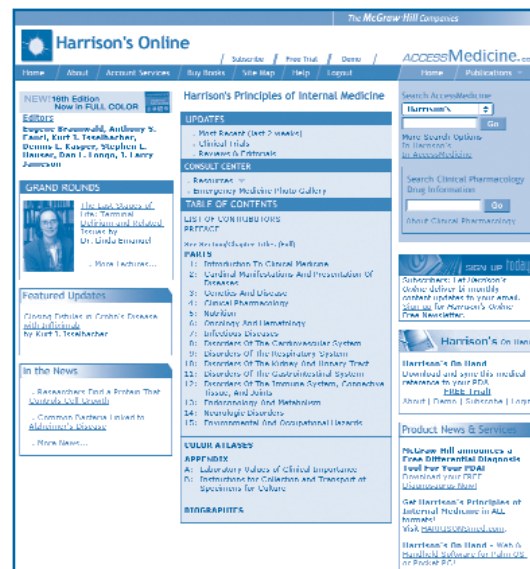


Sources: Veronis Suhler Stevenson, PQ Media LLC, Book Industry Study Group, Simba Information

Delivering Suites of Online Subscription Products

Access Medicine (www.AccessMedicine.com) is an extensive suite of cross-searchable, online medical information products used in nearly all U.S. medical schools and in over 30 countries. In 2004, Access Medicine 2.0 will release new products and features including a new digital interface and self-assessment tools.

- **Harrison's Online** is the flagship medical website based on *Harrison's Principles of Internal Medicine*. New content is added daily. **Harrison's On Hand** integrates this information with a drug interaction database for use on handheld devices by physicians at the point-of-care.
- **Access LANGE** is relied on by medical students and residents to guide their daily decision-making and assist their exam preparation. Over 7,000 self-assessment questions-and-answers will be added in 2004.
- **CMDT Online**, based on the best-selling *Current Medical Diagnosis and Treatment*, covers more than 1,000 diseases and features a strong evidence-based approach to medicine.
- **USMLEasy** is a new online subscription service for students preparing for the board certification exams known as USMLE Step 1 and USMLE Step 2. Students can take practice quizzes or timed tests.



Access Science (www.AccessScience.com) includes the contents of the world-renowned *Encyclopedia of Science and Technology*, 9th edition, and features daily science news updates and an interactive science "Q&A." In 2003, Ohio and Maine joined the growing list of statewide public library system adoptions. Other statewide licensees include Alabama, Georgia, and Maryland.

Digital Engineering Library will be introduced in 2004. This online subscription provides access to over 200 McGraw-Hill engineering handbooks in the form of a fully cross-indexed, taxonomically organized, searchable electronic database and will provide updates on cutting-edge topics.

PROFESSIONAL PUBLISHING

Trade

HPI is a leading publisher of business and general interest reference books with over 600 new books a year. The Group publishes books on business management, investing, finance, education, foreign language, health, self help, parenting, and sports and fitness. HPI is also a leading publisher of English- and foreign-language

reference books, study guides, and test prep books, for the student and academic markets. Key co-publishing ventures include investing guides with Standard & Poor's, the bi-annual business school guide with *BusinessWeek*, and a consumer health series with the Harvard Medical School.

Computing

McGraw-Hill Osborne and McGraw-Hill Technology Education are leading publishers of self-paced computer training materials for the professional and student markets. Their titles include user and reference guides, best-selling Comp Tia certification study guides, business and consumer technology, high level networking,

programming, and database technology. McGraw-Hill Osborne is the official press for Oracle, Linksys, and Intuit. McGraw-Hill Technology Education's exclusive partnership with Microsoft Learning and Microsoft Internet Academy offers educators a new dimension in authoritative teaching and learning tools.

Scientific, Technical, and Medical

HPI is a leading publisher of medical texts and references worldwide, as well as of books in engineering and technical subjects. The HPI Group recently had successes with its new product

series in robotics, telecommunications, and video production. HPI delivers content online in the form of online subscription services.

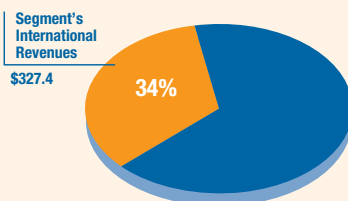
GROWING INTERNATIONAL SALES

McGraw-Hill Higher Education, Professional and International (HPI) distributes internationally U.S.-originated higher education, school, professional, technical and medical products in all key global markets. These product offerings are supplemented by local translations, adaptations, and the development of complementary local products.

In 2003, McGraw-Hill Education's international sales grew to \$327.4 million, up 8.4% over 2002.

2003 Foreign Source Revenue*

Total Company: \$965.4 million
(in millions)

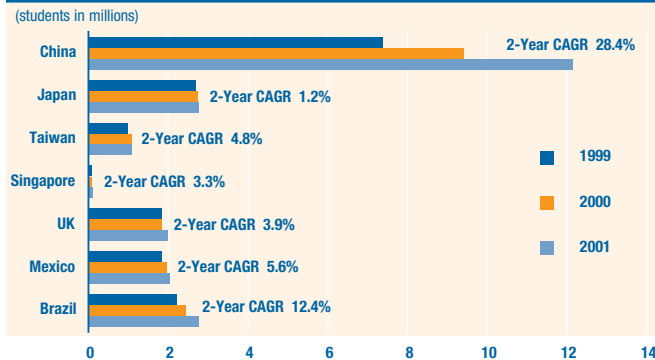


* Foreign source revenue includes international sales by U.S. operations

International Higher Education Enrollments

Growing higher education enrollments in international markets are creating new opportunities for McGraw-Hill Education products and services in Asia, Latin America, and Europe.

International Higher Education Enrollments in Selected Markets



Sources: UNESCO, OECD, Ministry of Education (Japan, Singapore), HESA (Higher Education Statistics Agency for U.K.)

A Network for International Sales

Locations

Argentina	Guatemala	Portugal
Australia	Hong Kong	Puerto Rico
Bolivia	India	Singapore
Brazil	Italy	South Africa
Canada	Japan	Spain
Chile	Korea	Taiwan
China	Malaysia	Thailand
Colombia	Mexico	United Arab Emirates
Costa Rica	New Zealand	United Kingdom
Dominican Republic	Panama	Venezuela
Equador	Peru	
Greece	Philippines	

Aligning to Customer and Market Needs

International English-Language Publishing

Through its international English-language publishing program, HPI seeks to maximize its potential in the more mature markets of Europe and Australia, and to realize stronger growth opportunities in Asia, especially in China and India.

Europe: Growth opportunities exist for locally-developed higher education products, particularly in the U.K. where the British government has committed to increasing enrollments in higher education institutes to 50% of high school graduates by 2010. Opportunities also exist for acquisitions, such as Open University Press in 2002.

Asia/India: The emerging markets of China and India offer solid growth opportunities. HPI already has a successful reprint program in India and is growing rapidly in China. McGraw-Hill Education formed its first joint venture in China in the business and economics field. HPI is also working to create joint ventures in the science and technology fields. China's entry into the World Trade Organization and Beijing's requirements for the 2008 Olympics will accelerate local needs for educational products and English-language learning.

Latin/Hispanic-Language Publishing

HPI is aimed at increasing market share in the Spanish- and Portuguese-speaking world and looks to address the educational needs of approximately 600 million people in over 40 countries.

Latin America and Caribbean Region: Educational standards have risen as governments invest more in education. Across Latin America, secondary education enrollments have doubled since 1970. Currently, 97% of children in Latin American and Caribbean countries enter elementary school. During the 1990s, illiteracy rates for males age 14 and over declined from 14% to 11% for the region as a whole.

Enrollments in Spanish- and Portuguese-speaking countries continue to rise. In Latin America there is increased emphasis on K-12 education as expressed by the goals of The Santiago Consensus (1998):

- Universal access to, and completion of, quality primary education by 2010
- Access for at least 70% of young people to quality secondary education by 2010
- Opportunities of lifelong learning for the general population

Spain, Portugal and Italy: These countries have undertaken important reforms at all levels of education. State investments in both primary and secondary education have encouraged the development of skills and use of technology. The standardization of professional certification across Europe has made education a priority for both policy and government spending.

Product Line Strategies

- Develop local higher education publishing in Mexico, Brazil, U.K., Spain, Australia, China, India and Taiwan
- Grow market share by leveraging our competitive advantages in technology and product development
- Extend best practices in sales, marketing, and publishing and centralize marketing activity, technology development and sales force automation to closely-aligned markets
- Enable greater focus on key professional publishing titles, originated in the U.S., by developing stronger distribution across international regions