THE CHANGING EDUCATION MARKETPLACE

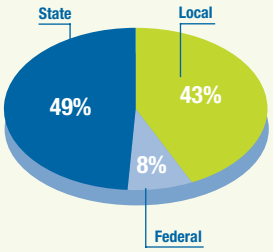
The demand for reform is changing pre-K-12 education in the United States. There is new emphasis on accountability, testing and assessment, early childhood education, reform of high schools to improve graduation rates and better prepare students for entering the workforce, the growing use of technology, and professional development. At the heart of the reform movement is the *No Child Left Behind Act.* With its promise that every child will have an opportunity to receive a first-rate education by 2014, it is now a requirement that schools and students demonstrate adequate yearly progress.

Education Funding and Expenditures per Pupil

Funding for public education is generated from federal, state, and local sources. See p. 25 for a detailed breakout of *No Child Left Behind* funding from the federal government. Expenditures per pupil in the U.S. will continue rising through 2013, according to the latest projections by the National Center for Education Statistics.

The Public Education Dollar: Revenues by Source

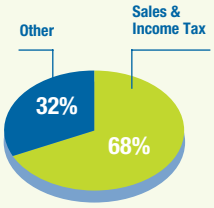
Total Revenue: $420 billion



Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data, "National Public Education Financial Survey, 2001-02"

Sources of State Funding

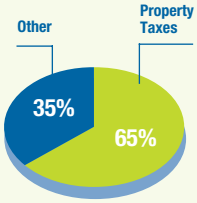
Total State Revenue: $207 billion



Source: U.S. Census Bureau, "Public Education Finances Report: 2002"

Sources of Local Funding

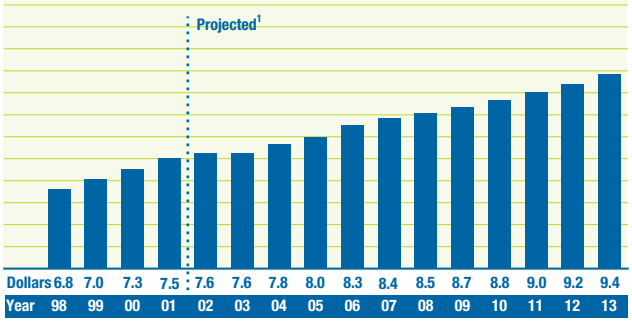
Total Local Revenue: $180 billion



Source: U.S. Census Bureau, "Public Education Finances Report: 2002"

Current and Projected Expenditures per Pupil in K-12

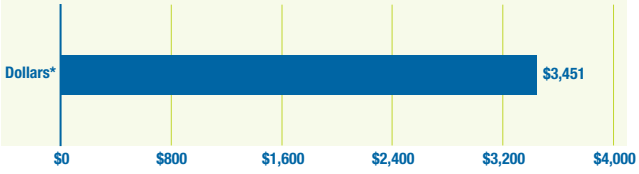
(in thousands, in constant 2001-2002 dollars)



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

[1] Middle range of projections cited

National Average Spending per Child Enrolled in Pre-K Programs, 2002-2003



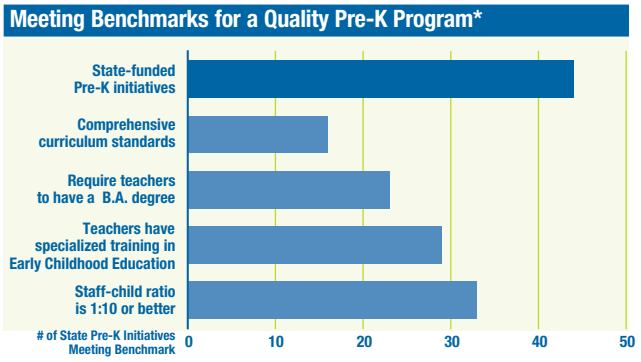
Source: National Institute for Early Education Research, "The State of Preschool: 2004 State Preschool Yearbook"

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

Early Childhood Education

Early childhood education is gaining new importance for educators and policy makers as research shows that school readiness and future academic success hinge on early development of verbal and math skills. Students from non-English speaking or economically disadvantaged backgrounds frequently do not enter school with the same familiarity with language and quantitative concepts as children from the middle class. In light of these findings, states contributed more than $2.5 billion to their pre-school programs in 2002-2003 on top of pre-school special education funding. Federal support for early childhood is also growing, most notably through Head Start and such initiatives as Early Reading First. As enrollments and funding continue to grow, standards and curricula for pre-school programs will continue to grow.

Meeting Benchmarks for a Quality Pre-K Program*



Source: National Institute for Early Education Research, "The State of Preschool: 2004 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 44 state-funded initiatives. Twelve states do not operate a state-financed pre-kindergarten initiative

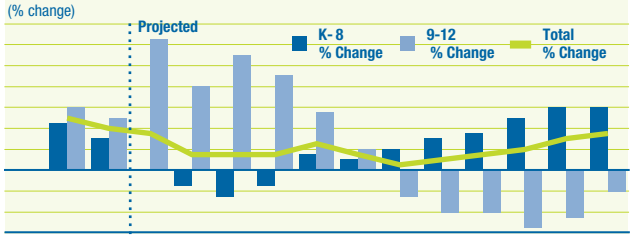
Pre-K–12: Growing Enrollments

School enrollments continue to grow. A record 56.4 million students will be enrolled in grades K-12 by 2013, according to the latest projections by the National Center for Education Statistics.

The new emphasis on early childhood education is also bringing children into the system at a younger age. There is general agreement that free access to pre-kindergarten should be available as a matter of social equity, as an investment in economic growth, and to meet the practical needs of accountability created by the *No Child Left Behind Act*. As a result, pre-kindergarten enrollments continue to grow in public schools and more full-day kindergarten programs are being added.

Enrollment in Elementary and Secondary Institutions

(% change)

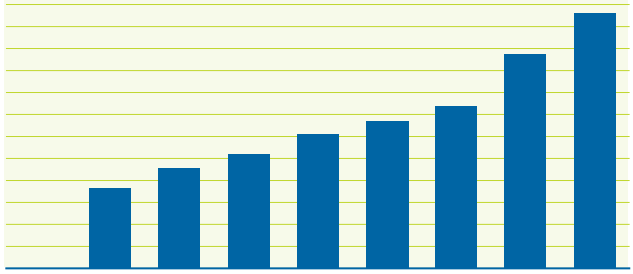


K-8	0.9	0.6	0.0	-0.3	-0.5	-0.3	0.3	0.2	0.4	0.6	0.7	1.0	1.2	1.2
9-12	1.2	1.0	2.5	1.6	2.2	1.8	1.1	0.4	-0.5	-0.8	-0.8	-1.1	-0.9	-0.4
Total	1.0	0.8	0.7	0.3	0.3	0.3	0.5	0.3	0.1	0.2	0.3	0.4	0.6	0.7
Year	00	01	02	03	04	05	06	07	08	09	10	11	12	13

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

Public School Pre-Kindergarten Enrollment, 1995-2003

(number of students in thousands)

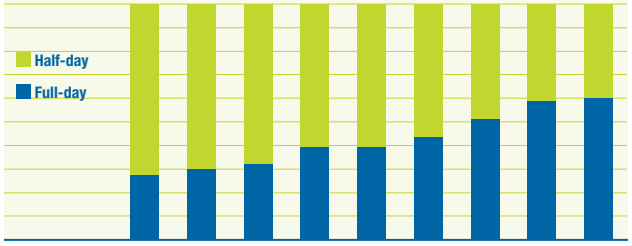


Enroll	636.8	670.4	695.1	728.7	751.2	776.1	865.1	936.3
Year	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03

Source: National Center for Education Statistics, Common Core of Data

Kindergarten Enrollment Trends

(number of students in thousands)



Total	3,160	3,143	3,301	3,914	3,809	4,036	3,815	3,776	3,713
Full-day	868	949	1,065	1,555	1,518	1,763	1,954	2,226	2,241
Year	77	80	83	86	89	92	95	98	01

Source: National Center for Education Statistics, "The Condition of Education 2004"

Higher Education: Growing Enrollments

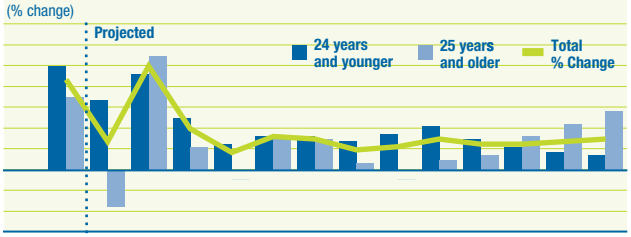
Higher education enrollments in the United States continue to grow. A record 18.2 million students will be enrolled by 2013, according to the latest projections by the National Center for Education Statistics.

Enrollments at for-profit post-secondary institutions have been growing at a faster pace than the overall U.S. college market.

Online distance courses are attracting a growing number of students. Between 2000 and 2007, online enrollments are expected to grow at a compounded annual rate of 35%.

Enrollment in U.S. Higher Education Institutions

(% change)

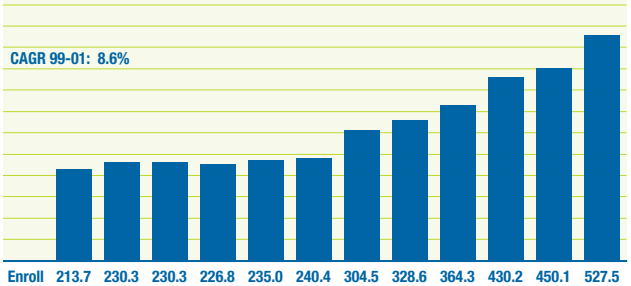


<24 yr.	4.0	2.7	3.7	2.0	1.0	1.3	1.3	1.1	1.4	1.7	1.2	0.9	0.7	0.6
25 yr.>	2.8	-1.4	4.4	0.9	0.0	1.2	1.2	0.3	0.0	0.4	0.6	1.3	1.8	2.3
Total	3.5	1.1	4.0	1.6	0.7	1.3	1.2	0.8	0.9	1.2	1.0	1.0	1.1	1.2
Year	00	01	02	03	04	05	06	07	08	09	10	11	12	13

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

Enrollment in For-Profit Post-Secondary Institutions

(number of students in thousands)

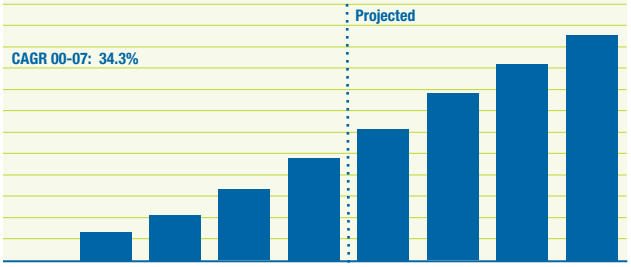


Enroll	213.7	230.3	230.3	226.8	235.0	240.4	304.5	328.6	364.3	430.2	450.1	527.5
Year	90	91	92	93	94	95	96	97	98	99	00	01

Source: National Center for Education Statistics, "Digest of Education Statistics 2003"

Enrollment in Fully-Online Distance Education

(number of students in millions)



Enroll	0.2	0.3	0.5	0.7	0.9	1.2	1.4	1.6
Year	00	01	02	03	04	05	06	07

Source: Eduventures

TEACHING THE COMPLETE SPECTRUM FOR READING

Students enter school with diverse backgrounds and learning needs. With the new emphasis on accountability and measurable progress, concepts and skills must be presented in various ways to make them accessible to all students. The response from McGraw-Hill Education: Offer the most complete and most competitive spectrum of products in the marketplace. In reading, the skill most fundamental to success, products range from literacy-based to skills-based (see diagram below).

READING

Literacy-Based		Balanced Basal				Skills-Based		
Wright Group Core Literacy	Breakthrough to Literacy	Glencoe Literature	Macmillan Reading	Glencoe Reading	Jamestown Signature Reading	Open Court	Jamestown Intervention	Direct Instruction

Literacy-Based
These programs work well in districts where students begin formal schooling with basic skills acquired at home or in academic pre-schools. Reading programs in this category develop language learning through literature.

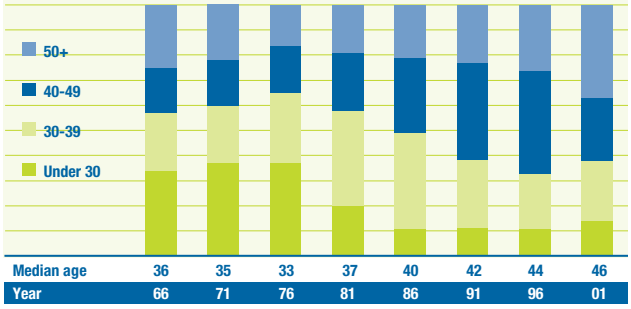
Balanced Basal
The traditional basal program is effective with most students.

Skills-Based
These programs have proven to be especially effective with students who come from disadvantaged backgrounds, have limited proficiency in English, or have special needs. Lesson plans are highly structured.

CURRENT TRENDS IN EDUCATION

As the NEA data shows, teachers are aging and more replacements will be required as retirements grow. An NCES study predicts that from 1998 to 2008, as many as 2.7 million of the current 3.0 million teachers will be replaced.

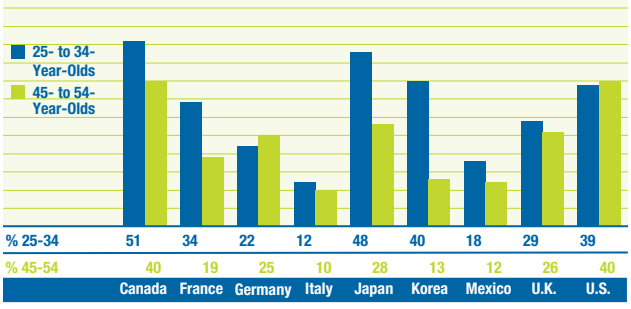
Age Distribution of K–12 Teachers
(percentage distribution)



Source: National Education Association, "Status of the American Public School Teacher, 2000-2001"

An OECD report indicates that countries including Japan, Korea, and Canada have more people age 25-34 attaining a higher education degree than those in the 45-54 age range. The U.K. and U.S. show little or no growth.

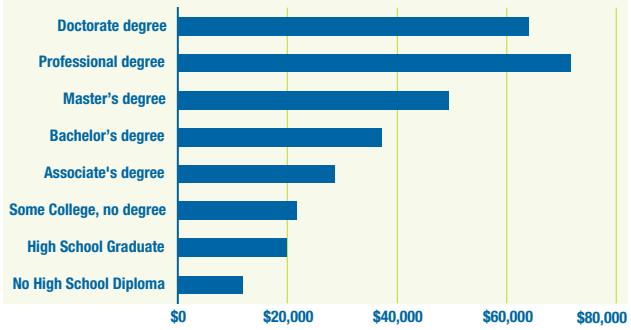
Attainment of Higher Education, by Country
(percentage of population, by age group)



Source: OECD, "Education at a Glance, 2003"

Education pays off: According to 2002 data from the U.S. Census Bureau, individuals with advanced degrees earn more than those with less education. The wage gap is significant. An individual with a professional degree earns $50,000 more per year than an individual with a high school degree.

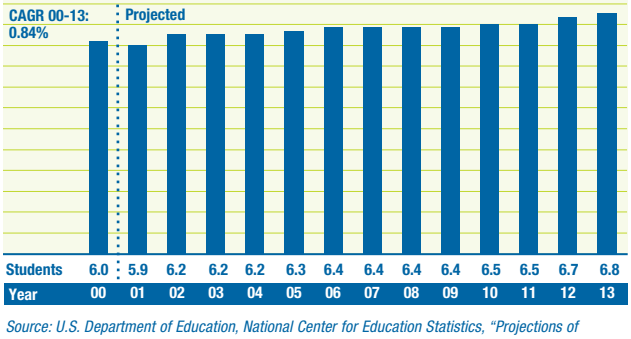
Median Annual Earnings by Educational Attainment
(in dollars; U.S. adults 18 years and over)



Source: U.S. Census Bureau, March 2002

More U.S. adults are seeking a post-secondary education. At the start of the decade, students 25 or older accounted for 40% of post-secondary enrollments. According to projections from the National Center for Education Statistics, enrollments of students 25 or older will continue to increase through 2013.

Adults Returning to School
(numbers in millions)



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

EDUCATION REFORM: NEW OPPORTUNITIES FOR THE McGRAW-HILL COMPANIES

Signed into law in 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. NCLB's goal is to close the student achievement gap and get every child to grade level by the 2013/14 school year. 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

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 five years of funding.

	Appropriated Federal Funds					
Major Programs	**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	**Year 5 Funding** from Fed FY 2006[1]	**Comments**
Testing (State assessments)	$387 million	$384.5 million	$390 million	$411.7 million	$411.7 million	Annual testing in reading and math for grades 3-to-8 and 10; Annual testing in science at three grade levels
Reading First	$900 million	$993.5 million	$1.024 billion	$1.042 billion	$1.042 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	$104.2 million	$104.2 million	Supports school readiness of pre-school-aged children, particularly from low-income families
Striving Readers	–	–	–	$25 million	$200 million	Research-based instruction for teenagers reading below grade level
Mathematics and Science Partnerships	$12.5 million	$100.3 million	$149.1 million	$178.6 million	$269 million	Promotes strong teaching skills for elementary and secondary math and science teachers
Improving Teacher Quality	$2.85 billion	$2.93 billion	$2.93 billion	$2.92 billion	$2.92 billion	Funding to help states meet highly-qualified teacher requirement
State Grants for Innovative Programs	$385 million	$382.5 million	$296.5 million	$198.4 million	$100 million	Administrative programs, including independent analysis to measure, report school district performance

[1] Year 5 funding levels were proposed by President Bush in Feb. 2005 as part of the 2006 Federal budget, which requires approval by Congress. New grants will be awarded to states between July and October 2005

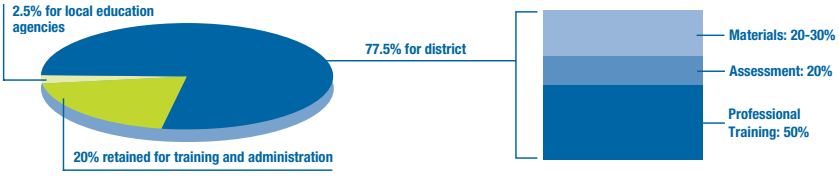
Source: U.S. Department of Education

Following the Funding for *Reading First*

In 2005, *Reading First* spending patterns are expected to change in states that are not expanding the number of approved sites. Many *Reading First* states have already bought basal programs and will use new funds for supplemental materials, assessment, and professional development. About 25% of the states, including Colorado, Georgia, Michigan, Missouri, New York, and Ohio, are using their most recent allocations to create new *Reading First* sites, which will offer fresh opportunities for basal sales.

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

State Level

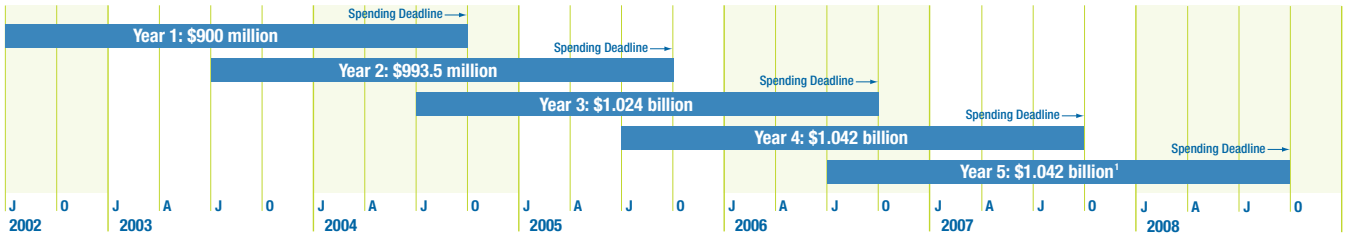


* Estimated

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.

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

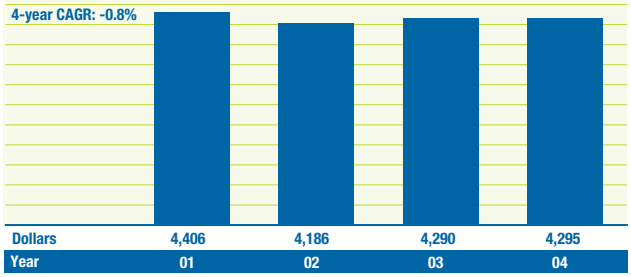
Pre-K–12 Education: Market, Adoption States, Open Territories, and Supplemental Sales

PRE-K–12 SALES

In 2004, sales of textbooks and educational materials for the pre-K–12 school market increased by 0.1% to $4.3 billion, according to the Association of American Publishers (AAP).

Estimated Total Pre-K–12 Industry Sales

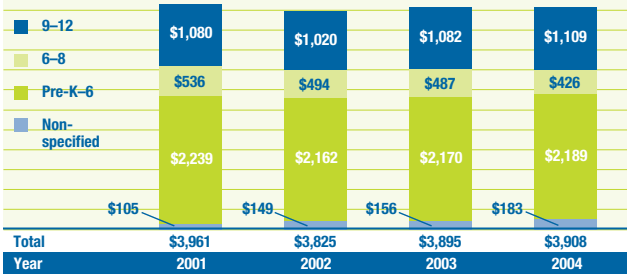
(sales in millions)



Source: AAP Includes sales of domestic and non-domestic products

Total Net Elementary/High School Sales

Basal, Supplemental, and Online Materials
(dollars in millions)



Source: AAP, as reported by 10 publishers. Includes sales of U.S. products only. Includes sales to foreign subsidiaries and third parties

Elementary Market (Pre-K–8)

Elementary Sales by State (in thousands)

		2004	% of 2004 Total	2003	2002
1	California	$ 263,712	13.4%	$ 360,438	$ 419,093
2	New York	136,282	6.9%	114,324	132,391
3	Florida	134,975	6.8%	120,113	143,241
	Top 3 for 2004	**$ 534,969**	**27.1%**	**$ 594,875**	**$ 694,725**
4	Texas	111,551	5.7%	208,909	137,252
5	Pennsylvania	92,532	4.7%	96,084	76,370
6	New Jersey	91,243	4.6%	82,590	85,621
7	Illinois	87,881	4.5%	109,976	108,922
8	Ohio	74,432	3.8%	79,677	66,487
9	Virginia	66,119	3.3%	54,075	41,952
10	North Carolina	62,998	3.2%	50,777	33,261
	Top 10 for 2004	**$ 1,121,725**	**56.8%**	**$ 1,276,964**	**$ 1,244,588**
11	Michigan	53,755	2.7%	58,943	70,574
12	Maryland	52,706	2.7%	38,636	36,600
13	Georgia	50,782	2.6%	103,610	84,817
14	Indiana	47,390	2.4%	47,784	54,985
15	Arizona	41,212	2.1%	41,899	34,818
	Top 15 for 2004	**$ 1,367,570**	**69.3%**	**$ 1,567,837**	**$ 1,526,381**
	All Others	**$ 606,438**	**30.7%**	**$ 502,486**	**$ 545,003**
	Total Domestic U.S.	**$ 1,974,008**	**100%**	**$ 2,070,323**	**$ 2,071,384**

Source: AAP, as reported by 10 publishers. Excludes supplemental and non grade-specific basal materials. State ranking varies each year in accordance with adoption cycle

Elementary Sales by Subject Category (in millions)

	2004	% of 2004 Total	2003	% of 2003 Total	2002	% of 2002 Total
Reading/Literature	$ 775	39.2%	$ 837	40.4%	$ 820	39.6%
Mathematics	648	32.8%	484	23.4%	512	24.7%
Language Arts/English	156	7.9%	179	8.7%	204	9.8%
Science	155	7.9%	182	8.8%	259	12.5%
Social Studies	131	6.6%	300	14.5%	152	7.4%
Religion	32	1.6%	31	1.5%	35	1.7%
Music	27	1.4%	31	1.5%	31	1.5%
All Others	50	2.5%	27	1.3%	58	2.8%
Total	**$ 1,974**	**100%**	**$ 2,070**	**100%**	**$ 2,071**	**100%**

Source: AAP, as reported by 10 publishers. Excludes supplemental, non grade-specific basal, and non-domestic

Secondary Market (9–12)

Secondary Sales by State (in thousands)

		2004	% of 2004 Total	2003	2002
1	California	$ 120,358	11.6%	$ 103,440	$ 120,732
2	Florida	94,581	9.2%	82,352	51,709
3	New York	61,208	5.9%	63,180	53,077
	Top 3 for 2004	**$ 276,147**	**26.7%**	**$ 248,972**	**$ 225,518**
4	Texas	52,127	5.0%	130,225	87,333
5	Illinois	45,212	4.4%	44,085	41,068
6	Pennsylvania	44,804	4.3%	34,976	34,588
7	Georgia	38,961	3.8%	19,941	44,470
8	New Jersey	38,376	3.7%	32,135	33,884
9	Ohio	35,893	3.5%	40,764	32,147
10	North Carolina	35,527	3.4%	32,209	15,210
	Top 10 for 2004	**$ 567,048**	**54.9%**	**$ 583,308**	**$ 514,219**
11	Virginia	28,260	2.7%	35,571	18,122
12	Indiana	28,033	2.7%	28,612	36,703
13	Tennessee	27,673	2.7%	25,225	24,698
14	Maryland	26,091	2.5%	19,573	17,078
15	Michigan	25,410	2.5%	25,843	26,249
	Top 15 for 2004	**$ 702,514**	**68.0%**	**$ 718,133**	**$ 637,069**
	All Others	**$ 330,816**	**32.0%**	**$ 291,716**	**$ 302,797**
	Total Domestic U.S.	**$ 1,033,330**	**100%**	**$ 1,009,849**	**$ 939,867**

Source: AAP, as reported by 10 publishers. Excludes supplemental and non grade-specific basal materials. State ranking varies each year in accordance with adoption cycle

Secondary Sales by Subject Category (in millions)

	2004	% of 2004 Total	2003	% of 2003 Total	2002	% of 2002 Total
Mathematics	$ 285	27.6%	$ 164	16.2%	$ 150	16.0%
Science	174	16.8%	171	16.9%	247	26.2%
Social Studies	159	15.3%	278	27.5%	152	16.2%
Reading/Literature	115	11.2%	125	12.3%	129	13.7%
Foreign Language	109	10.5%	91	9.0%	81	8.7%
Business Education	53	5.2%	59	5.8%	56	5.9%
Language Arts/English	52	5.0%	38	3.8%	44	4.6%
All Others	87	8.4%	85	8.4%	82	8.7%
Total	**$ 1,033**	**100%**	**$ 1,010**	**100%**	**$ 940**	**100%**

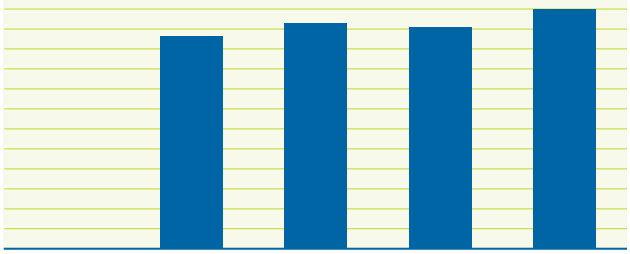
Source: AAP, as reported by 10 publishers. Excludes supplemental, non grade-specific basal, and non-domestic

ADOPTION STATES, OPEN TERRITORIES, AND SUPPLEMENTAL SALES

Based on data from the AAP, growth in the elementary-high school market in 2004 came from the open territories and supplemental materials markets, which both increased 8.5%. The adoption market declined 7.5% due to limited opportunities in new state adoptions in 2004.

Supplemental Materials Market (Pre-K–12)

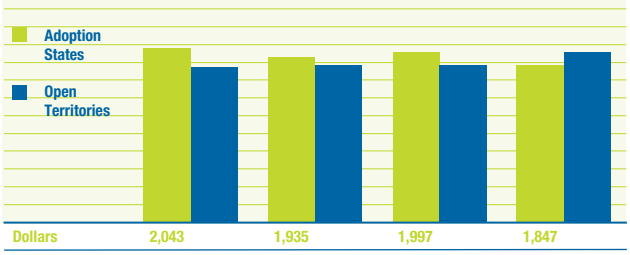
(sales in millions)



Source: AAP, as reported by 10 publishers. Includes non grade-specific materials

Industry Textbook Sales: Adoption States, Open Territories (Pre-K–12)

(sales in millions)



Source: AAP, as reported by 10 publishers. Includes non grade-specific basal and supplemental materials. Excludes non-domestic sales of $58 million, $52 million, $47 million, and $60 million for 2004, 2003, 2002, and 2001, respectively

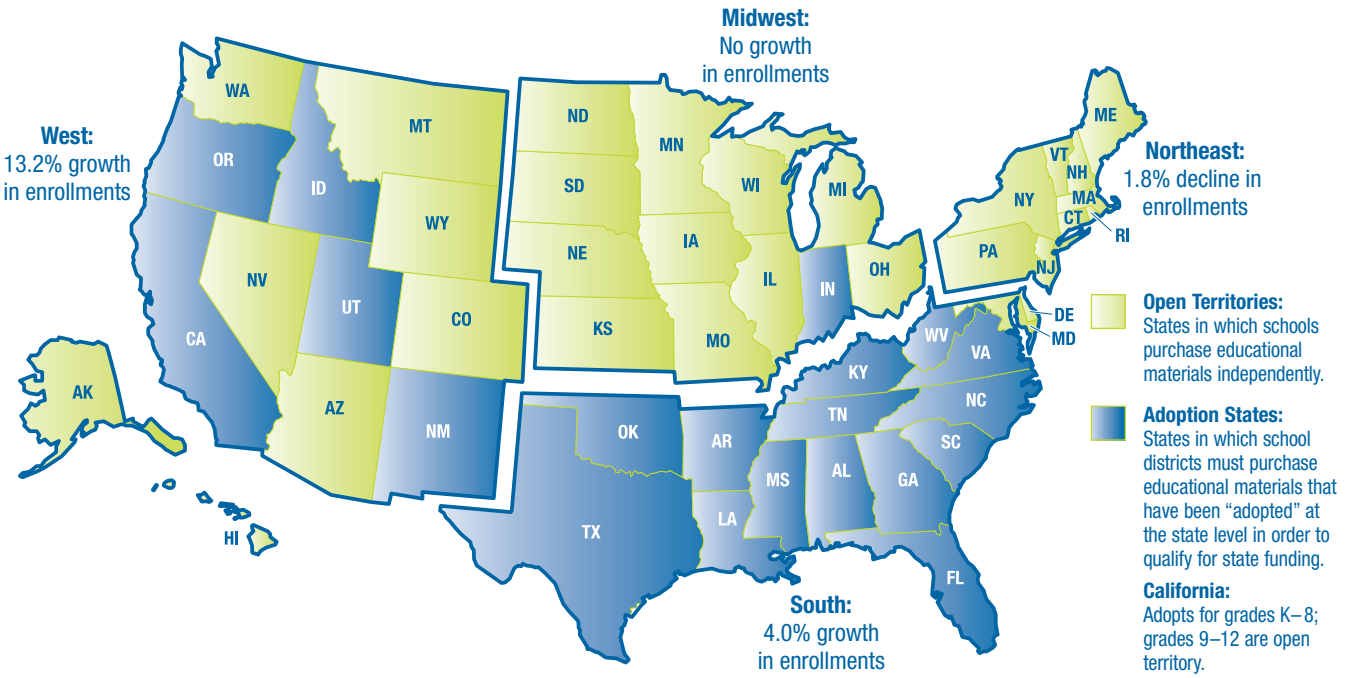
Mapping the Adoption Process

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.

Growing Enrollments in Key Adoption States

Changing U.S. K–12 Enrollment by Region, 2001–2013

Enrollments are growing faster in the key adoption states in the west and south as Americans continue to migrate to the Sunbelt.



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

Elementary School Adoption Schedule

EL-HI ADOPTION OPPORTUNITIES

Adoption states' plans to buy new materials are a key factor in gauging prospects for the elementary and secondary school markets. 2005 marks an upturn in new state adoptions and promises to be a strong year for educational publishers. The rest of the decade is expected to remain strong, with slight fluctuations. The schedules are subject to change.

Elementary School Adoption Schedule

Bid Year	2004	2005	2006	2007	2008	2009	2010
Purchase Year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Reading	Arkansas (K-8) South Carolina (6-8)	Kentucky (K-8) North Carolina (K-8)	Indiana (1-8) Oregon (K-8) Tennessee (K-8) West Virginia (K-8)	Alabama (K-8) Florida (K-8) Idaho (K-8) Louisiana (K-8) Oklahoma (K-8)	California (K-8) Georgia (K-8) Mississippi New Mexico (P-8) Texas (1-5) *Spn (1-5)*	South Carolina (K-5)	Arkansas (K-8)
Math	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) *Spn (6)*	California (K-8) Texas (1-5) *Span (1-5)*	Idaho (K-8) Kentucky (K-8) North Carolina (K-5) South Carolina (K-8)	Alabama (K-8) Florida (K-5) Indiana (1-8) Oklahoma (K-8) Oregon (K-8)	Tennessee (K-8) West Virginia (K-8)
English/ Language Arts	Arkansas (K-8) Oklahoma (K-8) South Carolina (6-8)	Kentucky (K-8) Mississippi (K-8) North Carolina (3-5)	Idaho (K-8) Louisiana (K-8) Oregon (K-8)	Indiana (K-8) West Virginia (K-8)	Alabama (K-8) California (K-8) Florida (K-5) Georgia (K-8) Texas (1) *Spn (1)*	New Mexico (P-8) South Carolina (K-5) Tennessee (1-8) Texas (2-8) *Spn (2-6)*	Arkansas (K-8) North Carolina (K-8) Oklahoma (K-8) South Carolina (6-8)
Science	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)	Idaho (K-8) Louisiana (K-8) North Carolina (K-8)	Indiana (1-8) Texas (1-8) *Spn (1-6)*
Social Studies	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)	West Virginia (K-8)	Alabama (K-8) Florida (K-8) Georgia (K-8) Mississippi (K-8) New Mexico
Health	California (K-8) Idaho (K-8) Indiana (1-8) South Carolina (K-5) Texas (1-8)	Mississippi (K-8) New Mexico (P-8) South Carolina (6-8) West Virginia (K-8)	Arkansas (K-8) Florida (K-8)	Georgia (K-8) Oregon (K-8)	North Carolina (K-5) Oklahoma (K-8) Tennessee (K-8)	Alabama (K-8) Idaho (K-8) Kentucky (K-8) Louisiana (K-8)	South Carolina (K-5)
Music	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)	Georgia (K-8) Kentucky (K-8) Louisiana (K-8) Mississippi (K-8)
Spelling	Arkansas (K-8) Oklahoma (K-8)	Kentucky (K-8) Mississippi (K-8) North Carolina (2-8) Tennessee (1-8)	Idaho (K-8) West Virginia (K-8)	Florida (K-8) Indiana (K-8)	Alabama (K-8) Georgia (K-8)	South Carolina (K-5)	Arkansas (K-8) Oklahoma (K-8)
Literature	South Carolina (6-8)	Idaho (K-8) Kentucky (K-8) North Carolina (6-8) Tennessee (6-8)	Louisiana (6-8) West Virginia (6-8)	Alabama (K-8) Indiana (K-8) Oklahoma (K-8)	Florida (6-8) Mississippi Texas (6-8) *Spn (6)*	–	–
ESL	Oklahoma (1-8)	–	–	–	Arkansas (K-8) Florida (K-8)	Georgia (K-8) Tennessee (1-8) Texas (1-8)	Oklahoma (K-8) Oregon (K-8)
Handwriting	Arkansas (K-8) Idaho (K-8) Oklahoma (K-8)	Kentucky (K-8) Mississippi (K-8) North Carolina (1-5)	Indiana (1-8)	Florida South Carolina (K-3) West Virginia (K-8)	Alabama (K-8)	–	Arkansas (K-8) Louisiana (K-8) Oklahoma (K-8)
Dictionaries	Arkansas (K-8) Oklahoma (1-8)	Mississippi (K-12)	Idaho (K-8)	–	Alabama (K-8) Florida (K-8) Georgia (K-8)	–	Arkansas (K-8) Oklahoma (K-8)

Source: AAP School Division/NASTA

Notes:
Schedules are subject to change.
Italics indicate Spanish-language program

Secondary School Adoption Schedule

Bid Year	2004[1]	2005	2006	2007	2008	2009	2010
Purchase Year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Social Studies	Alabama Florida (6-12) Georgia Mississippi New Mexico Oregon South Carolina[2] (9-12)	California (6-8) Louisiana South Carolina[2] (6-8)	Kentucky Oklahoma	Arkansas Idaho[2] North Carolina South Carolina[2] (9-12) Tennessee	Indiana	South Carolina[2] (9-12) West Virginia (6-12)	Alabama Florida (6-12) Georgia Mississippi South Carolina[2] (9-12)
Science	Idaho[2] Indiana North Carolina	Alabama Florida (6-12) New Mexico Oklahoma West Virginia	Arkansas California (6-8) South Carolina[2] (6-12)	Georgia Kentucky Mississippi	Oregon South Carolina[2] (9-12) Tennessee	Idaho Louisiana North Carolina South Carolina[2] (9-12)	Indiana Texas (6-8) *Spn (6)*
Mathematics	Louisiana Tennessee Virginia West Virginia	Arkansas	Georgia Mississippi New Mexico Texas	California (6-8)	Idaho[2] Kentucky North Carolina South Carolina[2] (6-12)	Alabama Florida (6-12) Indiana Oklahoma Oregon South Carolina[2] (9-12)	Tennessee West Virginia (6-12)
Literature	Arkansas (9-12) Virginia	Idaho[2] Kentucky Mississippi North Carolina (9-12) Tennessee	Indiana (6-8 Reading) Louisiana (6-12) Oregon West Virginia	Alabama Indiana Oklahoma South Carolina (9-12)	Florida (6-12) Georgia (6-8) Mississippi New Mexico Texas	Georgia (9-12)	Arkansas Idaho North Carolina (9-12)
Reading	Arkansas[2] Oklahoma[2]	Kentucky North Carolina (6-8)	Indiana[2] Tennessee (6-12)	Alabama Florida[2] Idaho Louisiana (6-8) Oklahoma[2]	California[2] (6-8) Mississippi[2] New Mexico	–	Arkansas North Carolina (6-8) Oklahoma[2]
English/ Language Arts	Arkansas Oklahoma Virginia	Kentucky Mississippi North Carolina (6-12) South Carolina[2] (6-8)	Idaho[2] Louisiana (6-8) Oregon West Virginia	Indiana Louisiana (9-12) West Virginia	Alabama California[2] (6-8) Florida (6 yr) Georgia (6-8)	Georgia (9-12) New Mexico Tennessee Texas	Arkansas North Carolina (6-12) Oklahoma South Carolina[2]
World Languages	Kentucky North Carolina[2] Texas Virginia	–	Alabama Florida Idaho[2] North Carolina[2]	Indiana Mississippi South Carolina (6-12)	Arkansas New Mexico Oklahoma West Virginia	Georgia (6-12) North Carolina[2] Tennessee	Kentucky Louisiana Oregon
Business Education	South Carolina[2]	Georgia Indiana Tennessee	Florida[2] Mississippi[2] South Carolina[2]	New Mexico North Carolina South Carolina[2]	Arkansas Idaho[2] Louisiana Oklahoma South Carolina[2]	Alabama Florida[2] South Carolina[2]	South Carolina[2]
Computer Education	Idaho[2] South Carolina[2] Tennessee	Arkansas Idaho[2] Oklahoma	Florida Idaho[2] Louisiana Mississippi South Carolina[2]	Idaho[2] South Carolina[2]	Idaho[2] Oklahoma South Carolina[2]	Alabama Florida Kentucky Louisiana[2]	South Carolina[2] Tennessee
Health (H) Physical Education (PE)	California (6-8) (H) Idaho (H) Indiana (H) Texas (H, PE)	Mississippi (H, PE) New Mexico (H, PE) South Carolina (6-12) (H) West Virginia (H)	Arkansas (H, PE) Florida (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)	Indiana (H)
Family/ Consumer Science	South Carolina[2]	Georgia Indiana Mississippi South Carolina[2]	Florida North Carolina	New Mexico South Carolina[2] (Occup)	Idaho Louisiana Oklahoma Tennessee West Virginia[2]	Alabama Arkansas	South Carolina[2] (Non-Occup)
Art (A) Music (M) Drama (D) Speech (S)	Florida (D, S) Georgia (A, M, D) Kentucky (A, M, D) Mississippi (A, M, D) 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) Florida (A) Idaho[2] (A, M, D, S) New Mexico (A, M, D) North Carolina (A, M, D) Oklahoma (A, M, D)	South Carolina (A, M, D, S)	Alabama (S) Florida (M, D, S) Louisiana (S) West Virginia (A, M)	Arkansas (A, M) Georgia (S) Tennessee (S) Texas (S)	Georgia (A, M, D) Kentucky (A, M, D) Louisiana (A, M) Oklahoma (S)
Vocational/ Technical Education	South Carolina[2]	Georgia Indiana Tennessee	Arkansas[2] Florida[2] Mississippi[2] South Carolina[2]	Mississippi[2] New Mexico South Carolina[2]	Idaho[2] Louisiana North Carolina Oklahoma South Carolina[2]	Alabama Arkansas Florida[2] Kentucky	South Carolina[2]
Career/ Workforce Education	–	Georgia	–	New Mexico	Arkansas Idaho[2] Louisiana North Carolina Oklahoma	Alabama	–
Driver Education	–	Idaho[2] Tennessee	Mississippi	Alabama Arkansas Georgia New Mexico	Florida Oklahoma West Virginia	Kentucky	Idaho

[1] 2004 bid year based on actual participation

[2] Selected titles

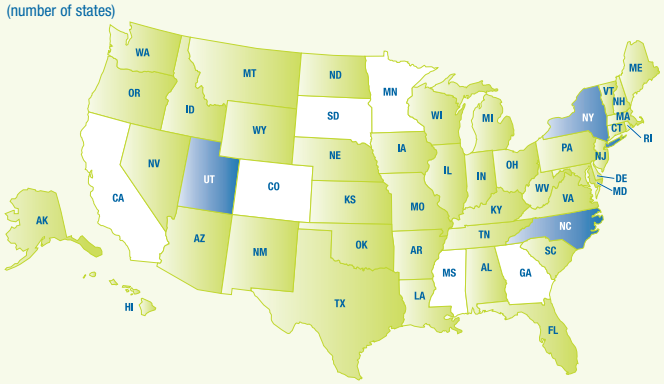
TECHNOLOGY FOR THE PRE-K–12 CLASSROOM

Students need a robust skill set to participate successfully in an increasingly technology-driven and competitive workplace. As shown in the map below, most state academic standards include technology, however, only three also assess the students' use of technology. A study of teenage students shows that they are incorporating the Internet into their school research projects and other school-related tasks.

Digital products enhance the effectiveness of education by engaging the students to interact with the material, enabling educators to individualize instruction, monitor student performance, and manage their workload more effectively. By making instruction more targeted and hence effective, the School Education Group's technology-based products are poised to fulfill the educational standards mandated by *No Child Left Behind* (NCLB).

Student Knowledge of Technology: State Standards and Assessments

(number of states)



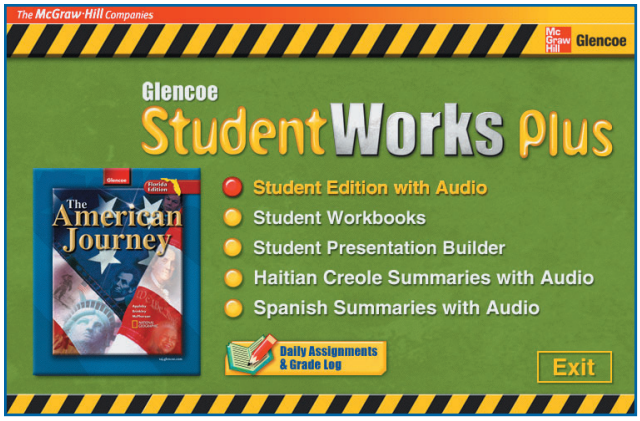
- State academic standards include technology and state tests students' use of technology (3)
- State academic standards include technology (45)
- No state technology standards and state does not test students' use of technology (3)

Source: Education Week Research Center, "Technology Counts 2005"

School-related Use of the Internet by Teenage Students

Used the Internet for school research	94%
Used the Internet as the major source for their most recent school project	71%
Used a class website set up by school or class	58%
Downloaded a study guide	34%
Created a Web page for a school project	17%

Source: Pew Internet & American Life Project (September 2001). The Internet & Education: Findings of the Pew Internet & American Life Project by Amanda Lenhart, Maya Simon, and Mike Graziano. Washington, D.C. Available at http://www.pewinternet.org/reports/toc.asp?Report=39



Electronic Access to Textbooks and Workbooks

StudentWorks Plus

CD-ROM-based product

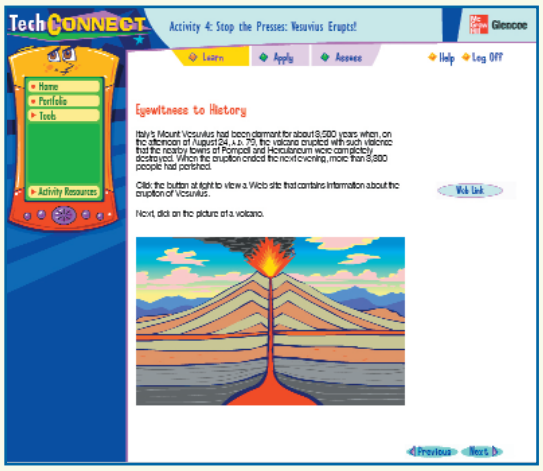
- Glencoe textbooks and associated worksheets on a CD-ROM for almost all Glencoe titles; reduces weight of students' backpacks
- Adds multimedia features beyond the textbook, such as audio files and animations (provided in English and Spanish)
- Provides direct links to student study materials on www.glencoe.com
- Student workbooks can be printed directly from the CD-ROM

Technology Literacy

TechConnect

www.techCONNECT.glencoe.com

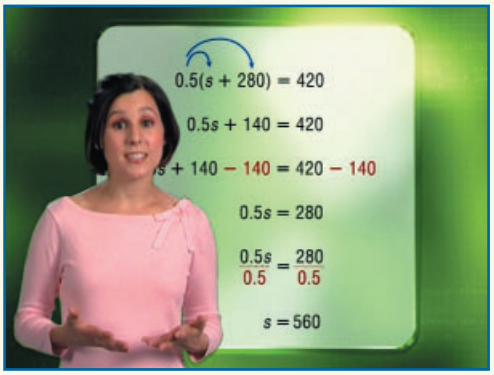
- Integrates technology into the classroom for middle school grades 6-8
- Students develop computer application skills as they master language arts, math, science, and social studies
- Activities reinforce core subject standards as students create assignments using computer applications such as word processing, spreadsheets, presentation software and more
- Helps students understand computer hardware and software as well as skills for safe, responsible technology use
- Fulfills technology literacy requirements of the *No Child Left Behind Act*
- Finalist in the Software & Information Industry Association's (SIIA) 20th Annual Codie Awards in the category, "Best Web-based Instructional Solution"

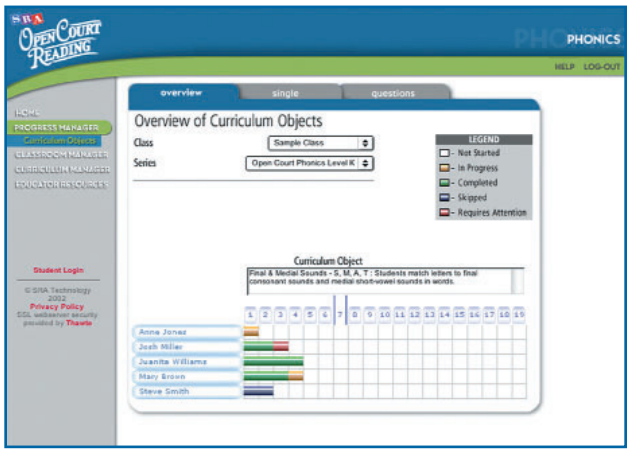


Math Skills

What's Math Got to Do With It?
VHS and DVD product

- *What's Math Got To Do With It?* is a Telly award-winning video series (picture at right) that relates real-world applications with units of study. The applications are engaging and relevant to students, showing interviews with people who share real-life situations of how they use math daily in their professions. Available for middle school grades (6-8) and for pre-algebra, algebra 1, and geometry
- *MindJogger Videoquizzes* can be bundled to supplement *What's Math Got to Do With It?* videos. *MindJogger Videoquizzes* review the content of each chapter in a fun game show format and help students prepare for tests





Reading, Phonics and Intervention

Open Court Reading Online Products
http://tour.opencourtonline.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

Early Childhood Reading and Math Instruction

SRA Literacy Launcher
www.LiteracyLauncher.com

- A subscription-based online product for pre-K–2 which delivers early childhood reading and mathematics instruction and assessment activities
- Vivid photography, brilliant animation (picture at right), and voice instruction from children provide real-life situations in a multi-sensory experience
- Literacy curriculum covers letter recognition, spelling, capitalization, alphabetical order, meaning, vocabulary development, rhymes, and more. Math curriculum covers sequence, patterns, probability, comparisons, measuring, and more
- System provides real-time data on a student's progress which enable educators to intervene in a timely manner and relate progress to a state's standards

MEETING THE ASSESSMENT AND REPORTING NEEDS OF EDUCATORS, PARENTS, AND STUDENTS

The *No Child Left Behind Act* (NCLB) significantly increased the scope of the national testing market. Since the passage of NCLB, states and school districts have been developing plans to meet the law's requirements for standards, annual assessments, corrective actions, and annual state report cards.

NCLB makes the school system accountable for student achievement by requiring Adequate Yearly Progress (AYP). AYP is defined by identifying a starting point for the percentage of students performing at a certain level, then setting annual objectives and intermediate goals, with the final goal of all students reaching the proficient level. Each year states are required to disaggregate and report students' academic achievement by sub-group and must show AYP within each sub-group.

To measure students' academic achievement, schools use assessments that fall into two categories: summative and formative.

- Summative assessments are used as an annual benchmark to measure student progress or 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.

Educational Testing Market Growth

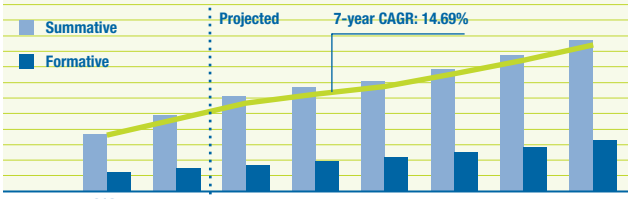
NCLB requires mandatory testing in reading and mathematics in grades 3–8 and in the 10th grade by the 2005/06 school year. In 2007/08, schools must begin testing in science at three different grade levels: 3–5, 6–9, and 10–12.

The Impact of *No Child Left Behind* on Annual Testing

Starting Year	Subject	Grades	Frequency
2005/06	Reading	3, 4, 5, 6, 7, 8, 10	Once a year
	Mathematics	3, 4, 5, 6, 7, 8, 10	Once a year
2007/08	Science	3-5, 6-9, 10-12	Once a year at three different grade levels

States and districts will 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 $2.2 billion by 2010.

K–12 Educational Testing: Projected Market Growth
(dollars in millions)



	03	04	05	06	07	08	09	10
Sum.	618	817	1,022	1,115	1,185	1,315	1,460	1,620
Form.	212	246	283	323	368	420	479	546
Total	830	1,063	1,305	1,438	1,553	1,735	1,939	2,166

Sources: Eduventures, "K-12 Solutions Learning Markets & Opportunities 2004"

A PORTFOLIO OF ASSESSMENT AND REPORTING SERVICES

McGraw-Hill Education offers a portfolio of assessment and reporting solutions through leading brands including CTB/McGraw-Hill, McGraw-Hill Digital Learning, and The Grow Network/McGraw-Hill.

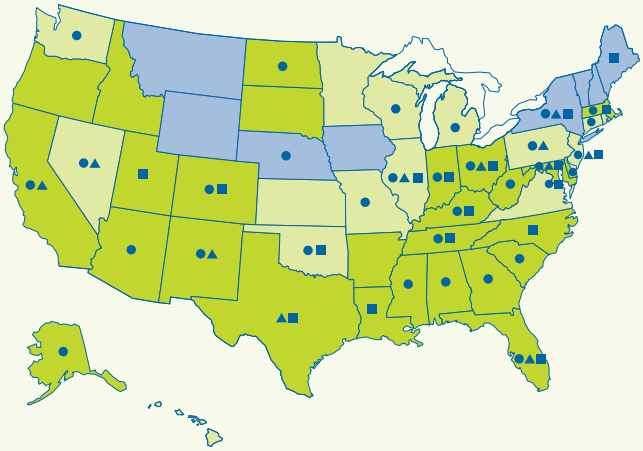
Industry-Leading Brands

CTB/McGraw-Hill has been an industry leading brand of both summative and formative testing products for eighty years. CTB serves students in more than 8,700 school districts in all 50 states and the Districts of Columbia, as well as through the U.S. Department of Defense system and in 46 countries. CTB publishes more than 100 copyrighted tests and support materials, develops and prints more than 200 custom assessment products, and provides assessments to more than 16 million students each year.

McGraw-Hill Digital Learning products help educators improve student learning outcomes through the effective use of data and technology.

The Grow Network/McGraw-Hill (Grow) provides an integrated suite of assessment reports and targeted instructional resources to families, teachers, and school leaders in 11 states, serving nearly 7 million students and more than 20 percent of students tested nationwide. Grow was established in 2000 and acquired by The McGraw-Hill Companies in 2004. Grow transforms teaching and learning by using assessment as a tool to support instruction.

McGraw-Hill Assessment and Reporting Programs



USING TECHNOLOGY TO PROVIDE ASSESSMENT AND REPORTING SERVICES

Online Formative Assessments Provide Student Achievement Data Throughout the Year

Yearly ProgressPro™ is an online formative assessment program that provides teachers and administrators with ongoing student achievement data throughout the school year. By 2004, just one year after it was launched, *Yearly ProgressPro* had delivered nearly 2.5 million online assessment and exercises to 142,632 students in 27 states. McGraw-Hill Digital Learning is preparing to launch a comprehensive assessment solution for NCLB core subject areas of reading and mathematics.

Transforming Assessment Results to Improve Classroom Instruction

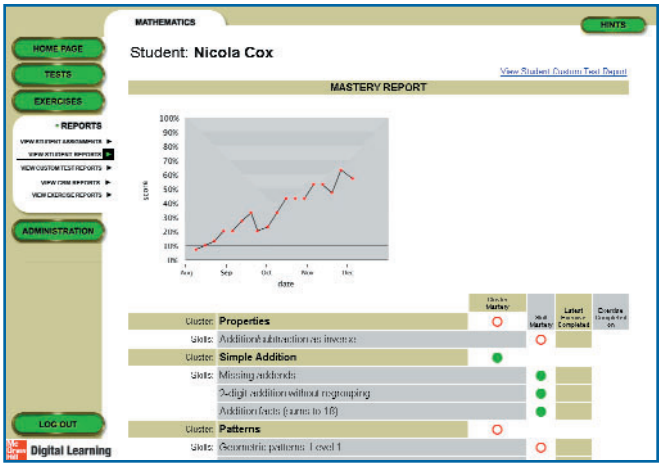
Grow's innovative system allows for flexible report design and high-volume report publishing within short timeframes, delivering reports to students, parents, teachers, and administrators. Grow has enhanced student reporting with the creation of personalized study guides, unique to each student's individual strengths and needs. Grow offers dynamic translation of its reporting as well as resources translated into nearly 20 languages.

Expanded Online Assessment in Core Subject Areas

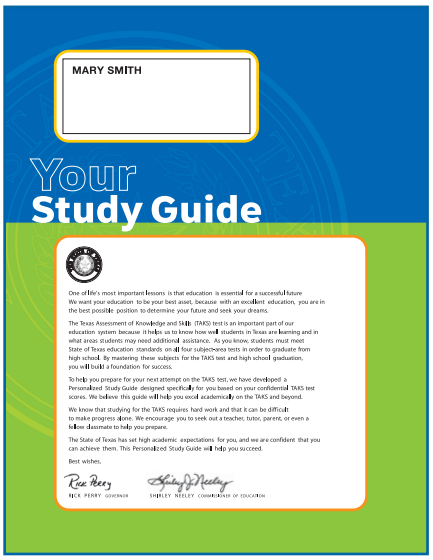
CTB's *i-know*® family of online assessments grew in 2004 to include online test content in five core subject areas – reading, language, mathematics, science, and social studies. Time-saving pre-made tests are available in reading and mathematics for grades 3–8 (NCLB core courses), and customizable banks of test questions are available for all five core subjects in grades 3–12. To enable teachers to accurately measure student progress over time, CTB also introduced specialized online "scaled" tests in reading and mathematics.

Online Solutions for Learners of All Ages

In 2005, CTB is planning to introduce *TerraNova*® *Online*, the first online norm-referenced test, and *TABE Online*, the first adult basic skills assessment available via the Internet. These offerings complement the existing product portfolio of quality online solutions for learners of all ages.



Yearly ProgressPro™ **provides teachers and administrators with ongoing student achievement data throughout the school year**



Grow's personalized study guides transform test data into insight for each student and help close the gap between standards, curricula and assessment, one child at a time.

PROVIDING SOLUTIONS FOR NEW MARKET OPPORTUNITIES

Programs to Support *Early Reading First* and *Reading First*

McGraw-Hill Education's family of research-based early learning assessments provides educators with a range of diagnostic and skill-development programs for pre-K through grade 3 and are on the *Early Reading First/Reading First* approved product lists in 24 states. *Fox in a Box*®, an early literacy assessment, provides summative diagnostic results that can be used with *TerraNova*, laying a smooth transition from pre-K diagnostic results to K–12 achievement.

Providing Support for English-Language Learners

The increasing number of English-language learners in the U.S. poses unique challenges for educators striving to help all students reach high levels of achievement. In 2005, McGraw-Hill Education is launching a comprehensive new system of English-language proficiency products called *LAS Links*. *LAS Links* is an integrated system of assessments, instructional guidance, and support to improve learning for all English-language learners in grades K–12.

Unique Needs of Urban School Districts

Urban school districts must cope with cultural and language diversity, limited English proficiency, socioeconomic factors, and lack of resources. As a result, testing needs are unique due to the complexity of assessment and reporting requirements.

McGraw-Hill Education's suite of online formative skill-building assessment programs helps measure and report individual student and group progress throughout the school year in relation to state academic achievement standards. Additional instructional resources are key to each district's success in meeting Adequate Yearly Progress goals. These include Grow's study guides and professional development programs.

New Quality Goals for Teachers' Professional Development

NCLB places particular emphasis on developing effective use of technology to support instruction and improve teacher understanding of assessments and assessment results. McGraw-Hill Education provides professional development tools, from teacher-support materials for achievement tests to early learning training.

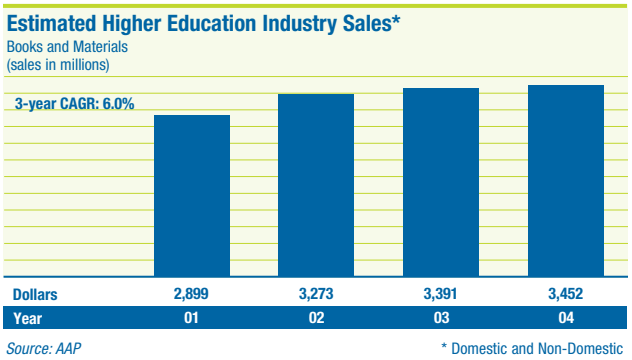
EXPANDING OPPORTUNITIES IN HIGHER EDUCATION

The need for knowledge to ensure economic success, growing enrollments driven by the Baby Boom Echo and increases in global enrollment, and the greater use of technology are key factors in the higher education market.

The convergence of content and technology is leading to the creation of a new generation of products. These innovations can improve classroom management for instructors and enrich the learning experience for students.

Leveraging content to provide online learning is the latest step MHP is taking to expand opportunities in higher education. In 2005, MHP will introduce nearly 40 online courses. These courses offer streaming video, animation, and personalized assessment. The courseware may be used as a complete online course or as part of a regular course with both classroom and online instruction. There is flexibility for instructors and students and the opportunity to give educational institutions new options for providing instruction.

See the table below and the next page for MHP's growing lineup of online content and courses, assessment tools, mobile resources, and course management systems for the college and university market.



Source: AAP

* Domestic and Non-Domestic

INCREASING THE VALUE PROPOSITION FOR THE HIGHER EDUCATION MARKET

The Higher Education group is increasing the value proposition for the higher education market by increasing the use of technology to provide digital content, mobile resources, course management, and online assessment.

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*		
Primis Online www.mhhe.com/primis/online • Proprietary platform has a database of 1,500,000 pages of content, including 1,500 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 version of over 1,500 McGraw-Hill titles	• Students have immediate access to textbook at a reduced cost	• Download e-Book to PC or view online • Enables electronic note taking and research links • Purchase online from MHHE's e-bookstore
MOBILE RESOURCES *Flexible delivery of study materials outside of the classroom for busy students*		
PowerWeb To Go www.PowerWebToGo.com • 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 using a PDA • Instant mobile access
Study-to-Go • Allows students to quickly access book-specific study aides on their PDA	• Book-specific content can be downloaded directly from a textbook website	• Access quizzes, key terms, and flashcards anytime, anywhere • Self-grading quizzes provide instant feedback along with text references
COURSE MANAGEMENT SYSTEMS *Powerful systems that house digital McGraw-Hill content for online courses*		
Third-Party Delivery Systems • Online Learning Centers can be delivered to higher education through PageOut or third-party platforms like Blackboard, WebCT, and e-College	• Provides instructors control over their course content • Offers flexibility to potential adopters for compatibility with their school's selected platform	• Accessible via the Web; minimal system requirements
ONLINE ASSESSMENT *These products target students who need help and make sure they keep pace with the rest of the class*		
Classroom Performance System (CPS) • With wireless connectivity and student handheld devices, classroom lectures achieve a new level of interactivity	• Take attendance quickly and effectively • Give quizzes in class and instantly provide grades • Gauge student understanding of lectures on the fly	• Use handheld device to respond to lecture questions • Receive instant feedback
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
EZ Test • Easy-to-use desktop test generator used for creating paper tests from either book-specific test banks or author questions using templates	• Accommodates numerous types of questions • Can easily create multiple versions of any test • Easily export tests for use with course management systems	• Receive instant grades and feedback from instructor

GROWING MARKET FOR ONLINE LEARNING

Online learning is one of the most dynamic segments of the higher education market. For-profit post-secondary institutions, whose enrollments are growing faster than the overall higher education market, are in the vanguard, attracting a growing number of students to their new online courses. Enrollment in fully-online distance education has a projected compound annual growth rate of 34% for 2000-2007 (see chart on p. 23).

Types of Online Courses

Course Content Delivered Online	Type of Course	Typical Description
0%	Traditional	Courses with no online technology. Content is delivered in writing and orally.
1-29%	Web Facilitated	Course which uses Web-based technology to facilitate what is essentially a face-to-face course. Uses a course management system (CMS) or Web pages to post the syllabus and assignments.
30-79%	Blended/Hybrid	Course that blends online and face-to-face delivery. Substantial proportion of the content is delivered online, typically uses online discussions and typically has some face-to-face meetings.
80%+	Online	A course where most or all of the content is delivered online. Typically has no face-to-face meetings.

Source: The Sloan Consortium, "Entering the Mainstream: The Quality and Extent of Online Education in the United States, 2003 and 2004"

How a Blended/Hybrid Course Works

There is a growing use of blended/hybrid courses – a blend of traditional classroom instruction with online sessions. In blended courses, the students meet in a classroom and online. Blended/hybrid courses combine face-to-face instruction with online delivery of content and feature streaming video, animation, and personalized assessment. Blended courses are evolving, but most include the traditional components: the instructor, the syllabus, and a textbook.

Traditional	Online
Instruction and Assessment	
• Class lectures • Group discussions and activities • Small-group work • Face-to-face meetings with instructor • Flip chart or chalkboard • Raise hand for surveys • PowerPoint slides • Classroom proctored exams and quizzes	• Scheduled audio and video lectures • Web meeting technology enables interaction: Yes/No, raise hand, online feedback, text chat, electronic whiteboard • Threaded e-mail discussions • Bulletin boards/discussion forums • Online breakout rooms monitored by instructor • Online surveys and evaluations • Online quizzes and exams • e-Submission of reports and assignments
Student Resources	
• Textbook or e-Book • Class notes from lectures • Lecture materials, handouts from professor • Reprints of news and journal articles • Lab materials	• Textbook or e-Book for viewing online or downloading to PC • Electronic notetaking • Lecture materials posted by instructor • Discipline-specific news articles and essays online for reading and research • Online tutorials and interactive practice questions • Simulated lab activities
Instructor's Course Administration	
• Assign coursework in class • Post grades on bulletin board; return graded tests • Report grades to administration	• Assign coursework online • Post grades to online gradebook • Track student and class progress online

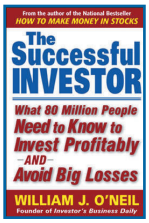
McGraw-Hill Online Courses

American Government
Anatomy and Physiology (one semester)
Basic Math (Pre-Algebra)
Business Communication
Business Math
Business Statistics
Chemistry (Allied Health)
Developmental English
Elementary Algebra
English Literature
Financial Accounting
Freshman Composition I
Freshman Composition II
General Biology (non-majors one semester)
Human Anatomy and Physiology Sem 1
Human Anatomy and Physiology Sem 2
Intermediate Algebra
Introduction to Business
Introduction to Psychology
Introduction to Sociology
Managerial Accounting
Medical Assisting 1
Medical Assisting 2
Organizational Behavior
Principles of Accounting I
Principles of Accounting II
Principles of Economics I (macro)
Principles of Economics II (micro)
Principles of Management
Principles of Marketing
Statistics
Student Success
U.S. History I
U.S. History II
Western Civilization I
Western Civilization II

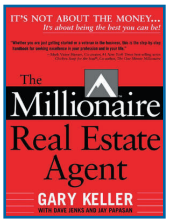
FINDING GROWTH IN CONSUMER MARKETS

The Higher Education, Professional and International (HPI) Group is a leading global publisher of print and electronic products – meeting the needs of consumers in business, health, language, science, computing, technical, and medical – that provides anytime, anywhere access to professional products. The HPI Group publishes and distributes more than 1,000 titles a year.

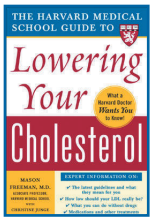
A market leader in professional finance and investment books, McGraw-Hill is expanding its personal finance line to help consumers better manage their money and investments.



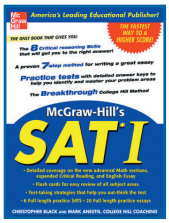
McGraw-Hill is the leading real estate investing publisher. The Company's best-selling books position it at the forefront of this booming trend.



McGraw-Hill serves the growing consumer health segment through strategic relationships with the Harvard Medical School and American Diabetes Association and through market-leading health titles for the aging Baby Boomer demographic.



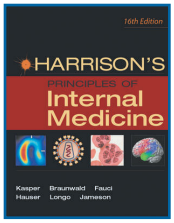
Building on the global prominence of the McGraw-Hill brand, the HPI Group successfully entered the test prep market in 2004 and will be extending its test prep series in 2005.



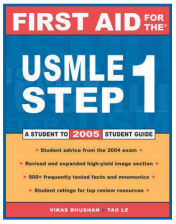
DEEPENING HPI'S RELATIONSHIP IN PROFESSIONAL MARKETS

McGraw-Hill's HPI Group serves the professional medical, scientific, technical, and computer communities through strong global brands.

Harrison's Principles of Internal Medicine is the world's best-selling medical reference. The global launch of the 16th edition surpassed prior edition sales in many countries and overseas sales outpaced a solid increase domestically.



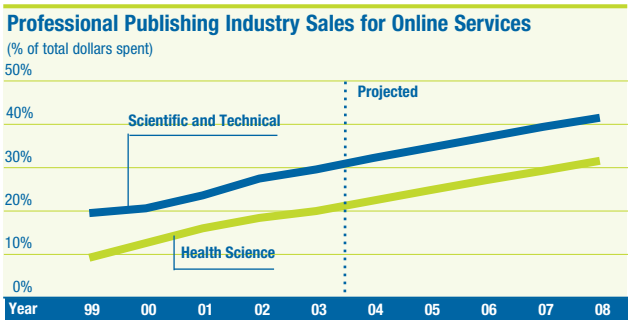
McGraw-Hill extended its dominant position in the medical certification publishing segment which was led by the release of its best-selling *First Aid for the USMLE Step 1.*



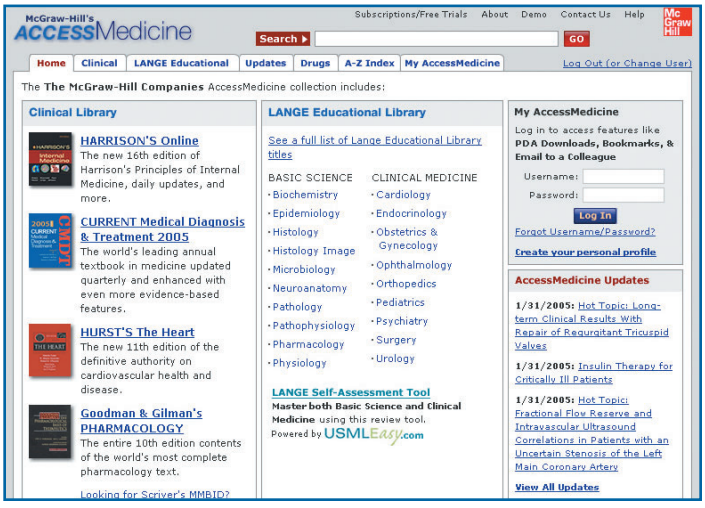
PROVIDING REAL-TIME ACCESS TO CONTINUALLY UPDATED, SUBSCRIPTION-BASED CONTENT

Access Medicine 2.0 (www.AccessMedicine.com) is an extensive suite of cross-searchable online medical information products used by nearly all U.S. medical schools and in over 42 countries. Access Medicine is a complete digital learning system that provides lifetime learning for medical students, residents, and physicians. Users can:

- Access 50,000 pages of updated content from 25 top medical titles
- Research from the desktop or at the point-of-care through a mobile PDA device. Doctors can e-mail topics for discussion
- Earn Continuing Medical Education (CME) credits via online audio lectures
- Perform ongoing self-assessment via a test bank of 3,800 USMLE questions and answers



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



Access Science (www.AccessScience.com) includes the contents of the *Encyclopedia of Science and Technology*, 9th ed., and features daily science news updates and an interactive science "Q&A." Powerful search and text highlighting features have led to a growing list of statewide adoptions, including Alabama, Georgia, Maine, Maryland, and Ohio. In Denmark, both Access Science and Access Medicine are included in the Danish National Library Authority, a consortium of Danish libraries.

Digital Engineering Library launched in January, 2005 (www.DigitalEngineeringLibrary.com). The site provides access to over 150 McGraw-Hill engineering titles in the form of a fully-searchable, taxonomically-organized electronic database. Access is available through institutional subscriptions and pay-per-view to individual engineers.

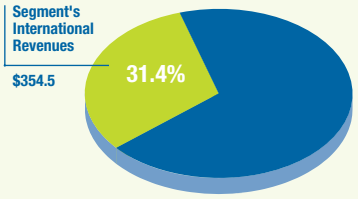
GROWING INTERNATIONAL SALES

The global market opportunities in higher education continue to improve, marked by growing enrollments and a worldwide need to develop a more educated workforce.

In 2004, McGraw-Hill Education's international sales grew to $354.5 million, up 8.3% over 2003.

2004 Foreign Source Revenue*

Total Company: $1,130.4 million
(dollars in millions)



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

The Globalization of Higher Education

According to the International Finance Corporation, 2 million university students, or around 2% of the world's total 100 million higher education students, were studying outside their home country in 2003. This development has influenced educational policies in Europe, Asia, and Australia.

Why the Bologna Process is Important

Recognizing that higher education has become a trans-national phenomenon, the European Union initiated the Bologna Process in 2000 to develop a common structure for the continent's higher education system. By 2010, universities throughout the European Union will confer 3-year Bachelor's degrees on their undergraduates and 2-year Master's degrees. This common structure will replace a multitude of very specific national degrees. To make European university education more compatible and transferable globally, many of these courses will be taught in English.

The internationalization of higher education is not limited to Europe. Non-European countries realize that the international community of higher education students is attracted to opportunities in English-speaking countries. Australia and New Zealand have experienced an increase in foreign student enrollment. Asian centers such as Taiwan and Hong Kong have also seen an increase in their foreign student enrollment since they provide English-language instruction.

The Outlook for Asia

The bigger opportunity in Asia continues to be rising higher education enrollments in mainland China and India. Enrollment in Chinese educational institutions, especially online institutions, has grown significantly over the past years. To take advantage of opportunities in Asia, McGraw-Hill in December 2004 made an equity investment in PRCEDU Corporation, the leading online education service provider for Chinese universities and academic institutions. PRCEDU has formed partnerships with premier higher education institutions to extend their reach by offering online degrees to students who are eager to improve their skills but unable to enroll in traditional site-based colleges. China continues to experience significant growth in university enrollments.

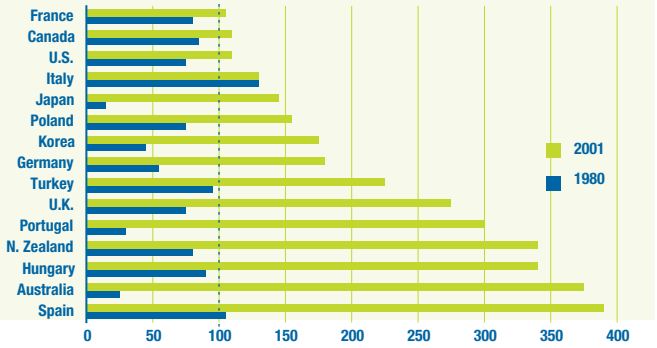
New Opportunities in Spain, Mexico

Education reforms in Mexico and Spain also represent new opportunities. Both countries are seeking to reform K-12 education. Spain has targeted September 2007 as the deadline to implement the proposed reforms. The expected changes to the existing curriculum will require new materials in both elementary and high school grades. Additionally, the Spanish education reforms aim to strengthen the vocational-technical part of secondary education, an area of strength for The McGraw-Hill Companies.

Education reform in Mexico is targeted at comprehensive curriculum reform in K-12 education. The reforms will predominantly affect Mexico's public school sector. Mexico operates a national adoption method and McGraw-Hill is well positioned to both maintain its share in the senior high school market and expand in the junior high school market.

Growth of Foreign Students in Selected Countries Over the Last 20 Years

(1990=100, index levels of enrollment)



Sources: UNESCO for 1980 and 1990, except for Japan (Ministry of Education), OECD education database for 2001

Publishing from A – Z

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 more than 50 languages.

Languages Published

Albanian	Catalan	French	Indonesian	Mandarin long-form	Serbian
Arabic	Croatian	Georgian	Italian	Mandarin short-form	Swedish
Armenian	Czech	German	Japanese	Marathi	Tamil
Assamese	Danish	Greek	Korean	Mongolian	Thai
Bahasa Indonesian	Dutch	Gujarati	Latvian	Norwegian	Turkish
Basque	English	Hebrew	Lithuanian	Oriya	Ukrainian
Bengali	Estonian	Hindi	Macedonian	Portuguese	Vietnamese
Bosnian	Farsi	Hungarian	Malay	Polish	Zulu
Bulgarian	Finnish	Icelandic	Malayalam	Spanish	