



The McGraw-Hill Companies

The McGraw-Hill Companies, Inc.
Board of Directors

AUDIT COMMITTEE CHARTER

The Audit Committee is appointed by the Board to assist Board oversight of (1) the integrity of the financial statements of the Company, (2) the compliance by the Company with legal and regulatory requirements, (3) the independent auditor's qualifications and independence and (4) the performance of the Company's internal and external auditors.

The Audit Committee shall consist of no fewer than three members. The members of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission"). In particular, the Chairman of the Audit Committee shall have accounting or related financial management expertise. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the Commission. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies. The members of the Audit Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee.

The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or to any advisors employed by the Audit Committee, and for the ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Audit Committee members may be replaced by the Board.

The Audit Committee shall make regular reports to the Board.

The Audit Committee shall:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Annually review the Audit Committee's own performance.
3. Report regularly to the Board.
4. Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent public accounting firm engaged for the purpose of preparing or issuing the audit report or performing the audit for the Company.
5. Obtain and review a report from the independent auditor at least annually regarding (a) the audit firm's internal quality control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) (to assess the auditor's independence) all relationships between the independent auditor and the Company.
6. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
7. Review with management the adequacy of internal controls that could significantly affect the Company's financial statements.
8. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, and a description of any transactions for which management obtained Statement on Auditing Standards No. 50 letters.
9. Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
10. Review with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements.

11. Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
12. Review major changes to the Company's auditing and accounting principles, practices, and financial statement presentations, as suggested by the independent auditor, internal auditors or management.
13. Pre-approve the retention of the independent auditor for non-audit services and the fee for such service in accordance with the Company's independence guidelines.
14. Receive periodic reports from the independent auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself as to the independence of the auditor.
15. Evaluate together with the Board the performance of the independent auditor and, if so determined by the Audit Committee, recommend that the Board replace the independent auditor.
16. Recommend to the Board guidelines for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account.
17. Review the appointment and replacement of the senior internal auditing executive.
18. Review the significant reports to management prepared by the internal auditing department and management's responses.
19. Meet with the independent auditor prior to the year-end audit to review the scope of year-end work and coordination of efforts between the independent auditors and the internal audit department.
20. Obtain from the independent auditor assurance that Section 10A of the Exchange Act, which pertains to an auditor's responsibility when the auditor discovers an illegal act, has not been implicated.
21. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company's subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Ethics, including disclosures of insider and

affiliated party transactions.

22. Discuss with the independent auditor the matters required to be discussed by generally accepted auditing standards relating to the conduct of the audit (per Statement on Auditing Standards No. 61).
23. Review with management and the independent auditor any correspondence with regulators regarding the Company's financial statements or accounting policies.
24. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
25. Review with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to that letter. Such review should include:
 - (a) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management.
 - (b) Any changes required in the planned scope of the internal audit.
 - (c) The internal audit department responsibilities, budget and staffing.
26. Prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.
27. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Ethics.
28. Review with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
29. Meet at least quarterly with the chief financial officer, the senior internal auditing executive and the independent auditor in separate executive sessions.
30. Review and discuss quarterly reports from the independent auditors on:
 - (a) All critical accounting policies and practices to be used.
 - (b) All alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such

alternative disclosures and treatments, and the treatment preferred by the independent auditor.

- (c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
31. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
 32. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
 33. Review and evaluate the lead partner of the independent auditor team.
 34. Ensure the rotation of the audit partners as required by law.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations or to assure compliance with laws and regulations and the Company's Code of Business Ethics.

January 28, 2004