

The McGraw-Hill Companies

The McGraw-Hill Companies, Inc.
Board of Directors

FINANCIAL POLICY COMMITTEE CHARTER

COMPOSITION

The Board shall annually appoint a Financial Policy Committee comprised of at least three independent Directors. One of the members of the Committee shall be appointed as Chairman by the Board.

RESPONSIBILITIES

1. The Committee shall review the Corporation's financial affairs with senior management, and in this context:
 - (a) Will review the financial implications of the Corporation's Medium Range Plan at least annually with particular emphasis on the Corporation's financial position, its capital structure, its dividend policy, and its capital expenditure program.
 - (b) Will review on an annual basis the investment performance of the Corporation's retirement and profit sharing funds.
2. The Committee will review management's proposals and recommend to the Board:
 - (a) Payment (or non-payment) of dividends on the Corporation's common and preferred stock.
 - (b) Specific financial transactions such as the method of obtaining financing for the Corporation's growth as well as the financing of major acquisitions or capital investments.
 - (c) Proposed major acquisitions or divestitures.
 - (d) Proposed major capital expenditures.
 - (e) Post-completion performance of acquisitions and major capital expenditures.

PROCEDURES

1. The Committee shall hold no less than four regular meetings each calendar year. In addition to the Committee members, the appropriate representatives of financial and other staff departments as well as operating management of the Corporation will be invited to attend.
2. The Secretary of the Committee shall prepare minutes of each Committee meeting, which minutes will be distributed to members of the Committee. The Chairman of the Committee shall report to the Board on its activities, as appropriate.

April 24, 2002