

Attention: Business/Financial Editors

Stock Symbol: **MHR**

McGraw-Hill Ryerson Reports First Quarter Results
April 26, 2007 - Whitby, Ontario

<u>Three Months to March 31, 2007</u> (\$000)	This Year	Year Ago
Sales, net	\$ 9,264	\$12,276
Other	<u>701</u>	<u>415</u>
Total revenue	\$ 9,965	\$12,691
Net Loss	(2,703)	(1,239)
Net Loss per share	\$ (1.35)	\$ (0.62)

Note: Financial information commences on page 3 of this press release.

Summary

The first quarter of each fiscal year generally represents a small proportion (between 9% and 13%) of McGraw-Hill Ryerson's total annual revenue. McGraw-Hill Ryerson typically reports a loss for the first quarter because of the seasonal nature of our sales results and the first quarter of 2007 is no exception.

Revenue

Total revenue for the first quarter decreased by 21.5% to \$10.0 million in 2007 compared to \$12.7 million in 2006.

The Higher Education Division had consistent sales of \$4.1 million in the first quarter of 2007 compared to \$4.0 million in the corresponding period of 2006.

The School Division sales were \$2.8 million compared to \$5.9 million in 2006, a 52.1% decrease. These results are attributed to one-time additional funding by the Ontario and British Columbia governments to purchase textbooks in early 2006 that was not replicated in 2007. This decline is consistent with overall industry results, which showed a 50% decrease in the first quarter.

In the Professional division, sales increased by 12.2% in 2007 to \$2.2 million, up from \$2.0 million in the prior year. This positive trend is driven by strong results across several language and general reference titles.

Expenses

Operating expenses have decreased 17.0% to \$4.4 million during the quarter ended March 31, 2007 compared to the same period in 2006. These expenses consist of cost of product and royalty expenses, which decreased as a function of the sales decrease.

Editorial, selling, general and administrative expenses have increased to \$8.6 million from \$8.4 million. This 2.9% increase is the result of increased information technology and support charges.

Net Income/Loss

Net Loss for the first quarter is \$2.7 million compared to a Net Loss of \$1.2 million in the first quarter of 2006. This variance is attributed mainly to the lower sales results in the School Division.

The accompanying financial statements should be read in conjunction with the “Notes to Financial Statements” included in McGraw-Hill Ryerson’s Annual Report.

Notice to Reader

The attached financial statements have been prepared by management of McGraw-Hill Ryerson Limited. The financial statements for the three month period ended March 31, 2007 have not been reviewed by the auditors of McGraw-Hill Ryerson Limited.

In business since 1944, McGraw-Hill Ryerson Limited is a leading Canadian publisher of educational resources, and information products and services for lifelong learning and enjoyment. Revenue in 2006 was \$93 million. Additional information is available at <http://www.mcgrawhill.ca>.

Gordon Dyer, Executive Vice President
and Chief Financial Officer
(905) 430-5032
<http://www.mcgrawhill.ca>

McGRAW-HILL RYERSON LIMITED

BALANCE SHEETS

(unaudited)

(In Thousands of Dollars)

As of	March 31, 2007	December 31, 2006	March 31, 2006
ASSETS			
Current			
Cash	\$ 24,237	\$ 33,511	\$ 21,163
Accounts receivable	4,219	17,948	6,233
Due from affiliated companies	6,225	1,792	5,978
Inventories	11,335	8,066	12,534
Prepaid expenses and other assets	1,230	355	1,112
Income taxes receivable	3,390	—	3,370
Future tax assets	1,481	2,485	1,438
Total current assets	52,117	64,157	51,828
Capital assets, net	18,111	18,359	18,447
Other assets, net	13,258	12,695	11,546
Total assets	\$ 83,486	\$ 95,211	\$ 81,821
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued charges	6,423	10,697	7,727
Income taxes payable	—	511	—
Due to parent and affiliated companies	3,314	7,291	3,942
Total current liabilities	9,737	18,499	11,669
Future tax liabilities	373	214	641
Total liabilities	10,110	18,713	12,310
Shareholders' equity			
Share capital			
Authorized – 5,000,000 common shares			
Issued and outstanding – 1,996,638 common shares	1,997	1,997	1,997
Retained earnings	71,379	74,501	67,514
Total shareholders' equity	73,376	76,498	69,511
Total liabilities and shareholders' equity	\$ 83,486	\$ 95,211	\$ 81,821

STATEMENTS OF INCOME

(unaudited)

(In Thousands of Dollars except per share data)
For the three months ended

	March 31, 2007	March 31, 2006
REVENUE		
Sales, less returns	\$ 9,264	\$ 12,276
Other	701	415
Total revenue	9,965	12,691
EXPENSES		
Operating	4,362	5,258
Editorial, selling, general and administrative	8,608	8,369
Amortization – prepublication costs	686	708
Amortization – capital assets	341	334
Foreign exchange loss (gain)	69	(5)
Total operating expenses	14,066	14,664
Loss before income taxes	(4,101)	(1,973)
Provision for (recovery of) income taxes		
Current	(2,561)	(1,910)
Future	1,163	1,176
	(1,398)	(734)
Net loss for the period	\$ (2,703)	\$ (1,239)
Retained earnings, beginning of period	74,501	69,142
Dividends paid to shareholders (\$0.21 per share; 2006 - \$0.195 per share)	(419)	(389)
Retained earnings, end of period	\$ 71,379	\$ 67,514
Loss per share		
Basic	\$ (1.35)	\$ (0.62)
Diluted	\$ (1.35)	\$ (0.62)

Weighted average number of shares for basic and diluted earnings per share for 2007 and 2006 is 1,996,638.

STATEMENTS OF CASH FLOWS

(unaudited)

(In Thousands of Dollars)

For the three months ended

	March 31, 2007	March 31, 2006
OPERATING ACTIVITIES		
Net loss for the period	\$ (2,703)	\$ (1,239)
Add/deduct charges to income not affecting cash:		
Amortization – prepublication costs	686	708
Amortization – capital assets	341	334
Future income taxes	1,163	1,340
Net change in non-cash working capital balances related to operations	(7,000)	(4,961)
Cash used in operating activities	\$ (7,513)	\$ (3,818)
INVESTING ACTIVITIES		
Prepublication costs	(1,249)	(1,771)
Capital assets	(93)	(65)
Cash used in investing activities	(1,342)	(1,836)
FINANCING ACTIVITIES		
Dividends paid to shareholders	(419)	(389)
Cash used in financing activities	(419)	(389)
Net decrease in cash during period	(9,274)	(6,043)
Cash, beginning of period	33,511	27,206
Cash, end of period	\$ 24,237	\$ 21,163
Supplemental cash flow information		
Interest paid	\$ —	\$ —
Income taxes paid	\$ 1,340	\$ 1,105