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Attention: Business/Financial Editors

Stock Symbol: MHR

McGraw-Hill Ryerson Reports Second Quarter Results July 26, 2007 - Whitby, Ontario

<u>Three Months to June 30, 2007</u> (\$000)	2007	2006 (restated)
Sales, less returns	\$18,522	\$17,557
Other	<u>503</u>	<u>526</u>
Total revenue	\$19,025	\$18,083
Net Income (Loss)	\$ 627	\$ (271)
Net Income (Loss) per share	\$ 0.31	\$ (0.14)
<u>Six Months to June 30, 2007</u> (\$000)		
Sales, less returns	\$27,786	\$29,833
Other	<u>1,204</u>	<u>941</u>
Total revenue	\$28,990	\$30,774
Net Loss	\$ (2,350)	\$(1,861)
Net Loss per share	\$ (1.18)	\$ (0.93)

Note: Financial information commences on page 4 of this press release.

Summary

Our revenues are typically more heavily weighted towards the second half of the year. However, expenses are more evenly distributed across the year. Historically, this combination usually results in a net loss in the first half of the year and 2007 is no exception.

Three Months Ended June 30, 2007

Net Revenue of \$19.0 million is a 5.2% increase compared to the prior year, as a result of an increase in the School Division's sales for the quarter.

The Higher Education Division reported sales of \$7.8 million which is a minor decrease of 2.3% compared to the prior year's \$8.0 million.

The School Division reported sales of \$8.2 million, an increase of 21.7% over the \$6.7 million in the second quarter of 2006. In 2006, sales were more heavily weighted towards the first quarter (when government funding was available in Ontario and British Columbia) which contributed to a lower second quarter result in that year.

The Professional Division's net sales decreased by \$0.4 million to \$2.3 million because of an increased level of returns.

Operating expenses, comprised of cost of product and royalties decreased to \$7.0 million from \$7.8 million in the prior year. Although sales have increased, the costs have decreased. This margin improvement is partially driven by a focused effort in the Company to offshore some of its production costs.

Six Months Ended June 30, 2007

Net revenue of \$29.0 million decreased by 5.8% compared to the prior year revenue of \$30.8 million. All divisions are reporting decreased sales over the prior year.

The Higher Education Division sales of \$11.9 million are relatively consistent with the \$12.0 million in 2006.

School Division sales decreased 12.7% to \$11.0 million compared to \$12.6 million in 2006. This decrease was caused by the 2006 additional one-time funding by the Ontario and British Columbia governments to purchase School textbooks that was not repeated in 2007.

Professional and Medical sales decreased by \$0.1 million to \$4.5 million, as a result of increased product returns.

Operating expenses, comprised of cost of product and royalties, have decreased by 13.4% to \$11.3 million. This decrease is partly a result of the lower sales but also from improved margins which the Company is seeing from the benefits of producing some Canadian titles offshore.

Year-to-date loss before income taxes is \$3.4 million, compared to \$2.7 million last year. The majority of this increased loss is caused by the \$2.0 million decrease in sales compared to the prior year.

Employee Future Benefits

The Company has a post-retirement benefit plan for certain retirees covering extended health and dental costs as well as basic life insurance. The premiums for this plan are paid by the Company. The Company accounted for the cost of this program since its inception in 2002 on a pay-as-you-go basis and did not correctly follow the guidance as required by CICA Section 3461 "Employee Future Benefits". Under CICA 3461, the Company is required to recognize in its financial statements an annual cost and benefit obligation related to estimated future benefit payments to be made to its current and retired employees. Accordingly, the Company has restated and refiled its financial results for 2005, 2006 and the first quarter of 2007. Subsequent to June 30, 2007 the Company amended this plan and will report a curtailment gain of approximately \$3.5 million in its results for the third quarter of 2007. For more details, please see Note 2 to the attached financial statements.

Notice to Reader

The attached financial statements have been prepared by management of McGraw-Hill Ryerson Limited. The financial statements for the three and six month periods ended June 30, 2007 and 2006 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
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BALANCE SHEETS

(unaudited)

(In thousands of dollars)

As of	June 30, 2007	December 31, 2006	June 30, 2006
		(restated)	(restated)
		[note 2]	[note 2]
ASSETS			
Current			
Cash and cash equivalents	\$10,982	\$33,511	\$17,657
Accounts receivable	13,530	17,948	10,444
Due from parent and affiliated companies	5,414	1,792	3,860
Inventories	13,334	8,066	12,650
Prepaid expenses and other assets	1,318	355	1,163
Income taxes recoverable	4,291	—	4,365
Future tax assets	1,011	2,485	1,091
Total current assets	49,880	64,157	51,230
Capital assets, net	17,836	18,359	18,431
Other assets, net	13,640	12,695	11,716
Future tax assets	1,440	1,336	892
Total assets	\$82,796	\$96,547	\$82,269
LIABILITIES & SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued charges	\$7,735	\$ 10,697	\$ 8,912
Income taxes payable	—	511	—
Due to affiliated companies	5,519	7,291	2,974
Total current liabilities	13,254	18,499	11,886
Employee future benefits	5,524	4,821	4,104
Total liabilities	18,778	23,320	15,990
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	62,021	71,230	64,282
Total shareholders' equity	64,018	73,227	66,279
Total liabilities and shareholders' equity	\$82,796	\$96,547	\$82,269

See accompanying notes.

McGRAW-HILL RYERSON LIMITED
STATEMENTS OF INCOME/(LOSS) AND RETAINED EARNINGS

(unaudited)

(In thousands of dollars except per share data)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
		(restated-Note 2)		(restated-Note 2)
Revenue				
Sales, less returns	\$18,522	\$ 17,557	\$27,786	\$ 29,833
Other	503	526	1,204	941
Total revenue	19,025	18,083	28,990	30,774
Expenses				
Operating	6,963	7,823	11,325	13,081
Editorial, selling, general and administrative	8,571	8,315	17,163	16,674
Amortization – prepublication costs	1,541	1,429	2,227	2,137
Amortization – capital assets	339	336	680	670
Employee future benefits	367	367	734	734
Foreign exchange loss	147	191	216	186
Total operating expenses	17,928	18,461	32,345	33,482
Income/(loss) before income taxes	1,097	(378)	(3,355)	(2,708)
Provision for/(recovery of) income taxes				
Current	186	(127)	(2,375)	(2,037)
Future	284	20	1,370	1,190
	470	(107)	(1,005)	(847)
Net income/(loss) for the period	627	(271)	(2,350)	(1,861)
Retained earnings, beginning of period	67,834	64,973	71,230	66,952
Dividends paid to shareholders to date (\$3.435 per share; 2006 - \$0.405 per share)	(6,440)	(420)	(6,859)	(809)
Retained earnings, end of period	\$62,021	\$ 64,282	\$62,021	\$ 64,282
Earnings/(loss) per share				
Basic – net earnings/(loss) for the period	\$ 0.31	\$ (0.14)	\$ (1.18)	\$ (0.93)
Diluted – net earnings/(loss) for the period	\$ 0.31	\$ (0.14)	\$ (1.18)	\$ (0.93)

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

See accompanying notes.

STATEMENTS OF CASH FLOW

(unaudited)

(In thousands of dollars)

	Three months ended June 30		Six months ended June 30	
	2007	2006 (restated- Note 2)	2007	2006 (restated-Note2)
OPERATING ACTIVITIES				
Net income/(loss) for the period	\$ 627	\$ (271)	\$(2,350)	\$ (1,861)
Add/(deduct) charges to income not affecting cash:				
Amortization – prepublication costs	1,541	1,429	2,227	2,137
Amortization – capital assets	339	336	680	670
Employee future benefits	352	358	703	715
Future income taxes	284	19	1,370	1,353
Net change in non-cash working capital balances related to operations	(7,971)	(3,038)	(14,971)	(7,999)
Cash used in operating activities	(4,828)	(1,167)	(12,341)	(4,985)
INVESTING ACTIVITIES				
Prepublication costs	(1,923)	(1,599)	(3,172)	(3,370)
Additions to capital assets	(64)	(320)	(157)	(385)
Cash used in investing activities	(1,987)	(1,919)	(3,329)	(3,755)
FINANCING ACTIVITIES				
Dividends paid to shareholders	(6,440)	(420)	(6,859)	(809)
Cash used in financing activities	(6,440)	(420)	(6,859)	(809)
Net decrease in cash during the period	(13,255)	(3,506)	(22,529)	(9,549)
Cash and cash equivalents, beginning of period	24,237	21,163	33,511	27,206
Cash and cash equivalents, end of period	\$10,982	\$17,657	\$10,982	\$17,657
Supplemental cash flow information				
Interest paid	\$ —	\$ —	\$ —	\$ —
Income taxes paid	\$ 1,088	\$ 890	\$2,428	\$1,995

Cash and cash equivalents position consists of:
cash and term deposits
See accompanying notes.

McGraw-Hill Ryerson Limited
NOTES TO INTERIM FINANCIAL STATEMENTS

June 30, 2007 (unaudited)

(Tabular amounts are in thousands of dollars)

1. General

The accompanying financial statements of McGraw-Hill Ryerson Limited [the "Company"] do not meet the requirements of Canadian Generally Accepted Accounting Principles ["GAAP"] for annual financial statements and these interim financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2006. The same accounting policies and methods are followed as in the annual audited financial statements for the year ended December 31, 2006.

2. Employee Future Benefits

The Company has a post-retirement benefit plan for certain retirees covering extended health and dentals costs as well as basic life insurance. The premiums for this plan are paid by the Company. The Company accounted for the cost of this program since its inception in 2002 on a pay-as-you-go basis and did not correctly follow the guidance as required by CICA Section 3461 "Employee Future Benefits". Under CICA 3461, the Company is required to recognize in its financial statements an annual cost and benefit obligation related to estimated future benefit payments to be made to its current and retired employees. Accordingly, the Company has filed restated December 31, 2006 financial statements that recorded an increase in operating expenses for years ended December 31, 2006 and 2005 of \$1.4 million and \$1.1 million, respectively. Expenses were increased by \$0.4 million in each of the first quarter of 2006, the second quarter of 2006 and the first quarter of 2007. Subsequent to June 30, 2007 the Company amended this plan and will report a curtailment gain of approximately \$3.5 million (pre-tax) in its results for the third quarter of 2007. Long-term liabilities increased as of December 31, 2006 and 2005 in the amount of \$4.8 million and \$3.4 million, respectively and future tax assets increased by \$1.5 million and \$1.2 million respectively, to give effect to the proper accounting for this plan. An adjustment to decrease opening retained earnings by \$1.5 million was recorded in 2005 for the correction of errors prior to 2005.

Earnings Per Share Impact

	As Previously	
	<u>Reported</u>	<u>Restated</u>
12 months ended December 31, 2005	\$2.92	\$2.57
12 months ended December 31, 2006	\$3.51	\$2.97
3 months ended March 31, 2007	(\$1.35)	(\$1.49)
3 months ended March 31, 2006	(\$0.62)	(\$0.80)
6 months ended June 30, 2006	(\$0.63)	(\$0.93)

3. Subsequent Event

The Company implemented an amendment to its retiree benefit plan on July 26, 2007. The effect of this amendment is to reduce the reported liability by approximately \$3.5 million, and to recognize a curtailment gain of approximately \$3.5 million (pre-tax), or approximately \$2.3 million after tax.

4. Cyclicality

The Company's sales are cyclical based on the education industry's school terms for the School and Higher Education Divisions. The Company earns a significant amount of its sales in the fall and winter seasons. In the first and second quarters the Company earns only a small portion of its annual revenue.

5. Segmented Disclosure

The Company is structured on a market-focus basis and operates in three primary market areas: post-secondary education, including universities, community colleges, and proprietary colleges ["Higher Education"]; secondary and elementary schools ["School"]; and professional and medical, including retailers, distributors, libraries, non-traditional booksellers, direct marketing, and the medical sector ["Professional and Medical"]. The accounting policies of these operating segments are the same as those described in the annual audited financial statements for the year ended December 31, 2006