



FOR IMMEDIATE RELEASE
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ALC-T

ALGOMA CENTRAL CORPORATION

Operating Results

For the Three and Twelve Months Ended December 31, 2008 and 2007

(In thousand of dollars except per share data)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2008	2007	2008	2007
Revenue	\$ 196,402	\$ 185,134	\$ 688,914	\$ 580,546
Net earnings	\$ 16,832	\$ 26,077	\$ 41,280	\$ 52,443
Earnings per share	\$ 4.33	\$ 6.70	\$ 10.61	\$ 13.48
Dividends paid per common share	\$ 0.45	\$ 0.35	\$ 1.70	\$ 1.40

The Corporation is reporting net earnings for the three months ended December 31, 2008 of \$16,832 compared to \$26,077 for the same period in 2007. This decrease in net earnings of \$9,246 was due primarily to the following:

- Decreases in the earnings of Ocean Shipping segment due to reduced results from the self-unloader commercial arrangement.
- Decrease in earnings of the Product Tanker segment due primarily to lower than expected results for the *Algoma Hansa*.
- Increase in net foreign exchange losses resulting primarily from the translation to Canadian dollars of U.S. dollar denominated debt due to the weakening of the Canadian dollar.
- A reduction of income tax expense in 2007 of \$5,570 due to lower future corporate income tax rates.

For the twelve months ended December 31, 2008, the Corporation is reporting net earnings of \$41,280 compared to net earnings of \$52,443 for 2007.

The decrease in net earnings was primarily due to foreign exchange losses incurred in 2008 compared to foreign exchange gains recorded in 2007 and a tax benefit recorded in 2007 for the reduction in future income tax rates. Earnings from operations, net of income tax and earnings of non-controlling interest, increased by 4% from 2007 from 2008 due primarily to the following:

- The Domestic Dry- Bulk segment earnings improved as higher freight rates and additional operating days for the bulk carriers more than offset higher operating costs primarily due to lay-up spending. Higher fuel costs were recovered through fuel surcharges.
- The improved earnings for the Ocean Shipping segment were a result of improved earnings from the self-unloader commercial arrangement, strong earnings from positioning cargos for vessels having scheduled regulatory dry-dockings performed in China and operation for the full year of the *Honourable Henry Jackman* which entered service August 1, 2007. Partially offsetting these improvements was an increase in scheduled regulatory dry-dock costs.
- The Real Estate segment earnings were up slightly for 2008 due to the gain on sale of a light industrial building and increased rental income.

Partially offsetting the improvements in the previous three segments were the following:

- Decrease in the earnings of the Product Tankers segment due to the costs and reduced revenue associated with the scheduled regulatory dry-dock of the *Algoma Hansa*
- Amortization expense has increased as a result of a full year charge for the *Honourable Henry Jackman*, the addition of the three geared ocean bulk carriers, and the amortization of the investment in the life extensions of the *John B. Aird* and the *Algolake*.

The Corporation recently concluded an agreement to terminate the lease with the tenant of our Sault Ste. Marie hotel property. We assumed control of the property on February 1, 2009 and the hotel is now operating as the Waterfront Inn and Conference Centre. We plan to spend approximately six million dollars on a modernization program which will include building improvements and new furnishings and fixtures. The Waterfront Inn and Conference Centre will continue to operate as a first-class, full service hotel and coincident with this modernization program the hotel will be re-branded.

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Greg D. Wight
President and Chief Executive Officer
905-687-7850

David G. Allen
Vice President, Finance and Chief Financial Officer
905-687-7897