



FOR IMMEDIATE RELEASE
November 4, 2009

ALC-T

ALGOMA CENTRAL CORPORATION

Operating Results

For the Three and Nine Months Ended September 30, 2009 and 2008

(In thousand of dollars except per share data)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2009	2008	2009	2008
Revenue	\$ 151,454	\$ 226,836	\$ 353,088	\$ 492,512
Net earnings	\$ 20,620	\$ 18,523	\$ 15,676	\$ 24,448
Earnings per share	\$ 5.30	\$ 4.76	\$ 4.03	\$ 6.28
Dividends paid per common share	\$ 0.45	\$ 0.45	\$ 1.35	\$ 1.25

Third Quarter Results

The Corporation is reporting net earnings for the three months ended September 30, 2009 of \$20,620 compared to \$18,523 for the same period in 2008.

The increase in net earnings for the quarter ended September 30, 2009 of \$2,097 when compared to the same prior year period was due primarily to an increase in net foreign exchange gains on the translation of foreign denominated assets and liabilities. This increase was partially offset by lower operating earnings net of income tax in all the business units and an increase in financing costs due to higher borrowings and rates.

The net foreign exchange gains were higher in the third quarter of 2009 by \$7,619 when compared to the third quarter of 2008 due mainly to the translation of foreign-denominated net liabilities from the strengthening of the Canadian dollar against the U.S. dollar. In the third quarter of 2008 the Corporation incurred net foreign exchange losses due mainly to the translation to Canadian dollars of Euro denominated short term cash deposits.

The Domestic Dry-Bulk segment's operating earnings net of income tax decreased by \$513. Reduced operating results due to significantly fewer operating days as a result of the current economic conditions was partially offset by a net gain of \$2,086 on the insurance proceeds due to the loss of the *Algoport*. The *Algoport* is a jointly owned vessel with an unrelated party in the Seaway Marine Transport partnership. The *Algoport* broke up in heavy seas in the Pacific Ocean on September 6, 2009 while under tow enroute to the Chengxi Shipyard in China. There were no injuries, loss of life or environmental impact. The vessel's aft end was to be refurbished and fitted to a new forebody currently under construction at the shipyard. The insurance proceeds will be used to source an alternate aft end to attach to the forebody under construction.

The Product Tankers segment operating earnings net of income tax decreased by \$736 due primarily to the unfavourable results of the *Algoma Hansa* due to lower market conditions. This decrease was partially offset with the improved earnings of the domestic tanker fleet due to an increase in operating days from the addition of the two new product tankers, the *Algonova* and the *AlgoCanada*.

The operating earnings net of income tax of the Ocean Shipping segment decreased by \$2,605 because of fewer operating days and higher costs related to a regulatory dry-docking in the 2009 third quarter and from higher earnings from a positioning cargo for a vessel going to a scheduled dry-docking in the 2008 third quarter.

The operating earnings net of income tax of the Real Estate segment decreased by \$405 largely due to the reduced capacity of the hotel operation in Sault Ste. Marie as a result of extensive renovations. The hotel was closed in early October to complete the renovations and will re-open in January 2010 as the Delta Sault Ste. Marie Hotel & Conference Centre. Over \$6,000 is being invested to upgrade all guestrooms and amenities, including meeting space, the fitness centre, as well as all food and beverage facilities.

Nine-Month Results

For the nine months ended September 30, 2009, the Corporation is reporting net earnings of \$15,676 compared to net earnings of \$24,448 for the same period in the prior year.

The decrease in earnings of \$8,772 was due primarily to reductions in operating earnings net of income tax and an increase in financial expense. These decreases were partially offset with an increase in net foreign exchange gains on the translation of foreign denominated assets and liabilities.

The Domestic Dry-Bulk segment had an operating loss net of income tax in 2009 of \$6,203 compared to earnings of \$2,617 for the comparable 2008 period. The decrease in earnings was due primarily to fewer operating days of the fleet due to the economic conditions, and an increase in repair and maintenance costs. These decreases were partially offset by gains on disposal of assets including the gain on the insurance proceeds on the loss of the *Algoport*.

The 2009 operating earnings net of income tax of the Product Tankers segment were \$5,205 compared to earnings of \$4,151 for the nine-month period ended September 30, 2008. This increase was due primarily to costs and out of service days associated with the 2008 planned regulatory dry-docking of the *Algoma Hansa*. This improvement was partially offset with reductions in earnings of the domestic tanker fleet due to fewer operating days due to reduced demand and an increase in regulatory dry-docking costs. There have been two planned dry-dockings in 2009 compared to one in 2008.

The operating earnings net of income tax of the Ocean Shipping segment decreased from \$15,152 in 2008 to \$13,080 in 2009 due primarily to a reduction in results of the CSL International commercial arrangement and fewer operating days and higher costs related to regulatory dry-dockings. There have been four planned dry-dockings in 2009 compared to two in 2008.

The Real Estate segment operating earnings net of income tax decreased from \$3,943 in 2008 to \$2,910 in 2009 due primarily to a gain in 2008 on a sale of a property and reduced earnings from the hotel operations.

The net foreign exchange gains on the translation of foreign denominated assets and liabilities were \$3,208 compared to a loss of \$960 for the same period in 2008. The gains and losses in both periods are related to the translation to Canadian dollars of foreign denominated assets and liabilities.

Dividends

On November 4, 2009, the Board of Directors declared a dividend of \$0.45 per common share payable on December 1, 2009 to shareholders of record on November 17, 2009.

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