



FOR IMMEDIATE RELEASE
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ALC-T

ALGOMA CENTRAL CORPORATION

Operating Results

For the Three and Twelve Months Ended December 31, 2009 and 2008

(In thousand of dollars except per share data)

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2009	2008	2009	2008
Revenue	\$ 167,059	\$ 196,402	\$ 520,147	\$ 688,914
Net earnings	\$ 23,169	\$ 16,832	\$ 38,845	\$ 41,280
Earnings per share	\$ 5.95	\$ 4.33	\$ 9.98	\$ 10.61
Dividends paid per common share	\$ 0.45	\$ 0.45	\$ 1.80	\$ 1.70

Fourth Quarter Results

The Corporation is reporting net earnings for the three months ended December 31, 2009 of \$23,169 compared to \$16,832 for the same period in 2008. This increase in net earnings of \$6,337 was due primarily to the following:

- Decreases in earnings of Ocean Shipping segment due primarily to fewer operating days as a result of a vessel dry-docking.
- Increase in earnings of the Product Tanker segment due primarily an increase in operating days.
- Increase in net foreign exchange gains of \$3,162 resulting primarily from gains on the translation to Canadian dollars of U.S. dollar denominated debt due to the strengthening of the Canadian dollar.
- A reduction of income tax expense in 2009 of \$6,127 due primarily to lower future corporate income tax rates and a special deduction relating to costs incurred on pollution control equipment.

Twelve-Month Results

In 2009, the Corporation is reporting net earnings of \$38,845 compared to net earnings of \$41,280 for 2008. The decrease in earnings of \$2,435 was due primarily to reductions in operating earnings net of income tax and an increase in financial expense. The decreases were a result of the following:

- The Domestic Dry-Bulk segment's operating earnings net of income tax in 2009 were \$3,230 compared to earnings of \$12,797 for the comparable 2008 period. The decrease in earnings was due primarily to fewer operating days of the fleet due to the economic conditions in 2009 and an increase in repair and maintenance costs. These decreases were partially offset by gains on disposal of assets which consisted primarily of the gain on the insurance proceeds on the loss of the *Algoport*.
- The operating earnings net of income tax of the Ocean Shipping segment decreased from \$21,135 in 2008 to \$15,943 in 2009 due primarily to a reduction in results of the international commercial arrangement and higher operating costs.
- The Real Estate segment operating earnings net of income tax decreased from \$5,256 in 2008 to \$3,437 in 2009 due primarily to a gain in 2008 on a sale of a property and reduced earnings in 2009 due to the temporary closure of the hotel operations for renovations.
- Financial expense in 2009 increased to \$4,941 from \$1,444 in 2008, due primarily to an increase in borrowings to finance capital expenditures along with costs incurred in 2009 associated with expanding the Corporation's credit facilities.

These decreases were partially offset by the following:

- An increase in the operating earnings net of income tax of the Product Tanker segment. The 2009 operating earnings net of income tax were \$8,107 compared to earnings of \$6,673 in 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 regulatory dry-docking costs. There were two planned dry-dockings in 2009 compared to one in 2008.
- The net foreign exchange gains on the translation of foreign denominated assets and liabilities were \$3,387 compared to a loss of \$4,699 in 2008. The gains and losses in both years are related primarily to the translation to Canadian dollars of foreign denominated debt. During 2009, the Canadian dollar strengthened relative to the U.S. dollar after weakening throughout 2008. In addition, in 2008, the Corporation had foreign exchange gains on the translation to Canadian dollars of Euro denominated short-term investments.
- The income tax expense in 2009 was \$386 compared to \$12,308 in 2008. The decrease of \$11,922 was due primarily to a reduction in the earnings before taxes in the Corporation's future income liabilities due to an announcement in 2009 by the Ontario government to reduce the income tax rate in the future, and the recognition in 2009 of the income tax benefit of a deduction relating to costs to acquire new pollution control equipment.

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