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President's Message
Algoma Central Corporation
Annual Meeting
May 7, 2009

Welcome Slide
I would like to welcome everyone to the 50th Annual Meeting of the Corporation since it became a listed company on the Toronto Stock Exchange.

Slide 2

Forward-Looking Statement

Slide 3
You can see on the left hand side of the screen a picture of the Corporation's 1959 Annual Report which was the first annual report issued after emerging from control of the London bondholders. On the right hand side of the screen is our 2008 Annual Report which is the 50th Annual Report to be issued as a listed company on the Toronto Stock Exchange.

The 1959 Annual Report was 14 pages in length and the 2008 Annual Report is 70 pages. A few highlights from the 1959 Report were that revenue was $11.9 million and net earnings were $1.3 million. I also noticed that there were eight notes to the Financial Statements that took up less than a page. This compares to 22 notes that take up 24 pages in our 2008 Report. It appears inflation impacts all aspects of financial reporting.

Slide 4
I would like to read an excerpt from our Centennial Book that talks about the first Board of Directors of the newly listed company, then known as Algoma Central and Hudson Bay Railway Company.

"Now that the Company's control was in the hands of shareholders rather than the London receivers, a new slate of directors and officers was installed. At a two day meeting in the Sault on April 1 and 2, 1959 management and employees of the Railway celebrated their new freedom. There was a realization that their collective future showed tremendous opportunity for growth and prosperity.

All of the men on the new board were well respected in their fields and it was felt that they would successfully guide the Company well into the future. The newly elected slate of directors included:

Sir Denys Lowson	- London, England
Edgar B. Barber	- Sault Ste. Marie, Ontario
Leslie C. Waugh	- Sault Ste. Marie, Ontario
John B. Aird	- Toronto, Ontario
Charles F. W. Burns	- King, Ontario
K. W. Dalglish	- Toronto, Ontario
Henry R. Jackman	- Toronto, Ontario
Roy A. Jodrey	- Hantsport, Nova Scotia
N. R. Whittall	- Vancouver, British Columbia"

It is an understatement to say that over the 50 years that have passed since that first meeting, these original directors, and their successors, which currently includes three descendents of the original directors, have successfully guided the Corporation.

On the slate of directors to be elected today we have Charles Burn's son, Michael, Henry Jackman's grandson, Duncan, and Roy Jodrey's grandson, Bruce.

It would be difficult for anyone to suggest that our company does not have continuity of leadership.

Slide 5
I would now like to move on to my presentation. I am planning on covering the following topics.

1. A brief review of the Algoma Structure
2. Review the Financial Highlights for 2008 and the 1st quarter of 2009
3. Review significant events in 2008
4. Review our outlook for 2009
5. Discuss our strategic priorities

Slide 6
Our Corporate structure for management and reporting purposes consists of four distinct business segments – three in water transportation and one specializing in Real Estate.

Slide 7
Our Domestic Dry-Bulk segment includes 100% of the Corporations ship repair business, Fraser Marine and Industrial and the Corporation's proportionate share of the Seaway Marine Transport partnership that operates 22 self-unloaders, 13 gearless bulk carriers and one tug-barge unit.

Slide 8
Our Product Tanker segment owns and operates six Canadian-flag product tankers and one foreign-flag product tanker.

All seven of these vessels meet the double-hulled requirements of the International Maritime Organization or IMO as it is commonly referred to.

Slide 9
Our Ocean Shipping segment consists of 100% ownership of two ocean-going self-unloading vessels and three ocean-going geared bulk carriers and a 50% ownership of five ocean-going self-unloading vessels.

Slide 10
Our Real Estate segment owns and manages commercial and retail properties located in Sault Ste. Marie, St. Catharines and Waterloo, Ontario.

Slide 11
I would now like to move on to a review of our 2008 End Year Results.

Slide 12
In 2008 we achieved net earnings of $41.3 million or $10.61 per share. This is a decrease of $11.2 million or $2.87 per share over 2007 net earnings of $52.4 million or $13.48 per share. Although these results are lower than the record earnings achieved in 2007, it should be noted that there are significant non-operating amounts included in the earnings of both years that impact year over year comparability.

Slide 13
These amounts include a significant unrealized foreign exchange loss in 2008 and a significant unrealized foreign exchange gain and a one-time corporate tax rate adjustment in 2007. If the after-tax impact of these amounts were removed from both years, 2008 earnings would be ahead of the comparable 2007 earnings by $1.2 million or $0.32 per share.

Slide 14
All business segments, with the exception of Product Tankers, generated increased operating earnings resulting in a 5% increase in Operating Earnings net of income tax.

The main factors contributing to this increase in operating earnings from our business segments were:

- Domestic Dry-Bulk experienced higher freight rates and additional operating days which more than offset higher operating costs
- Ocean Shipping continued to experience strong results from the CSLI Pool, had strong earnings from positioning cargoes for the two vessels having scheduled regulatory dry-dockings in China and enjoyed the operation of the Honourable Henry Jackman for its first full year.
- Real estate's earnings were up due to the gain on the sale of a light industrial property in St. Catharines and increased rental income.
- These gains were partially offset by the decrease in Product Tankers operating earnings due mainly to the cost and reduced revenue associated with the regulatory dry-docking of the Algoma Hansa.

Slide 15
Cash flow from operations continued to be strong. The Corporation generated cash flow from operations of $90.0 million or $23.12 per share compared to $70.4 million or

$18.10 per share in 2007. This increase was primarily due to improvements in earnings and cash from accounts receivable.

For a capital intensive company like Algoma, we feel cash flow from operations is a key financial measure. It is an indicator as to our ability to service existing long-term debt and fund future projects.

Slide 16
The Corporation uses Return of Capital Employed or ROCE to measure how effectively management utilizes the capital it has been provided and the value that has been created for shareholders.

In 2008 we experienced a significant reduction in our ROCE measure as it decreased from 12.3% in 2007 to 9.9% in 2008.

The majority of this decrease can be attributed to two non-operational factors. The first being an increase in capital of $133.2 million relating to progress payments on capital assets under construction and capital assets that came into service very late in 2008 and the second was an increase in Shareholders Equity of $43.0 million due to the unrealized gains in the year on the translation of the net investment in foreign self-sustaining operations.

Slide 17
All four business segments were involved in capital expenditure projects during 2008. Upon completion, each of these projects will be adding new revenue producing capacity to their segment.

In addition, a new business segment will come on stream in 2010.

At December 31, 2008 the remaining capital commitments for these projects totaled $203 million.

Slide 18
Even with these significant capital commitments ahead of us, we are well positioned to take advantage of further investment opportunities should they arise.

For example, based on a theoretical 1:1 debt to capital ratio, the available borrowing capacity at the end of December 2008 was $356 million.

Slide 19
The Board of Directors, at an meeting earlier today, approved the Corporation's 2009 first quarter results and the appropriate press release has been issued.

Slide 20
Today we are reporting a net loss of $18.5 million for the first quarter of 2009. This loss is $10.2 million higher than the 2008 first quarter loss of $8.3 million.

The most significant cause of this deterioration was that in 2008 we reported net foreign exchange gains of $6.8 million on the translation of foreign denominated assets and liabilities and in 2009 we are reporting a net foreign exchange loss of $189 thousand.

Slide 21
Other less significant factors contributing to these reduced results were a decrease in Domestic Dry-Bulk operating days and increased winter maintenance spending, Product Tankers having two planned regulatory dry-dockings in the first quarter compared to none in 2008, Ocean Shipping down due to decreased Pool results and an increase in positioning costs related to a planned regulatory dry-docking and Real Estate having a non-recurring property sale in 2008.

Slide 22
We are pleased to note the Board of Directors, earlier today, declared a quarterly dividend of $.45 per common share.

This dividend represents the Corporation's 57th consecutive quarterly dividend and over the last three years the amount of the quarterly dividend has increased from $0.25 to $0.45 per share.

Slide 23
In 2008 we announced two new capital projects, completed two others and continued to work on bringing two others to completion.

Slide 24
The Corporation in conjunction with its partner in Seaway Marine Transport has contracted with Chengxi Shipyard located in Jiangyin, China to construct two maximum seaway-size self-unloading forebodies and to attach these new forebodies to the upgraded and re-furbished aft-ends of the Algobay and Algoport.

The Corporation's expected share of the cost of these two projects is $65 million which includes modernizing and upgrading the aft-ends of both vessels and a 25% import duty which is currently payable to the Canadian government on the imported forebodies.

Slide 25
The Algobay forebody was christened and launched on March 30, 2009 and we expect the aft-end to be joined to this forebody later this month.

Upon their return to Canada which is expected to be in the fourth quarter of 2009 for the Algobay and September 2010 for the Algoport, these vessels will be bareboat chartered to Seaway Marine Transport.

Slide 26
The Algonova joined the Corporation's Canadian-flag product tanker fleet in October 2008 and the AlgoCanada joined in early January 2009.

Since 2002, $190 million has been spent on the modernization of our Canadian-flag product tanker fleet. This fleet, now consisting of six vessels, is the most modern tanker fleet operating on the Great Lakes and East Coast of Canada.

Slide 27
These two double-hulled product tankers were built in Eregli Shipyard in Turkey at an approximate cost of $43.6 million each. It should be noted that this amount includes a 25% import duty that was paid to the Canadian government.

This is in spite of the fact that there are no shipyards in Canada that have the capability to build cost competitive new vessels.

The Corporation is working in conjunction with other ship owners to convince the Federal government to eliminate this punitive 25% import duty levied on new vessels. In addition we have filed an application to have the import duty already paid on these two vessels refunded.

We have obtained support for this initiative from a broad spectrum of stakeholders and continue to have discussions with various government departments in order to achieve our goal of total duty removal on new vessels imported into Canada.

Slide 28
Hanseatic Tankers is a commercial joint venture between the Corporation, Bernhard Schulte a German ship owner, Sloman Neptun another German ship owner and Intrepid Shipping a United States based ship owner.

The Hanseatic Tanker partners have ordered 23 product tankers from two shipyards in China for delivery between 2009 and 2011. In addition the Corporation's vessel, the Algoma Hansa, a 1998 built product tanker, joined the Hanseatic Tanker commercial arrangement in October 2008. The first new vessel to enter the Pool, the Emmy Schulte, was delivered in late March 2009.

Hanseatic Tankers expects to focus their commercial activities in the Mediterranean, the Middle East and Asian markets.

Slide 29
Of the 23 vessels ordered, the Corporation has ordered three 16,500 deadweight tankers from Jiangzhou Union Shipbuilding Co. Ltd. expected to cost $33 million each and two 25,000 deadweight tankers from Nantong Mingde Heavy Industry expected to cost $44 million each.

Slide 30
In March 2008 the Corporation announced it had reached an agreement to purchase three ocean-going seaway-size geared bulk carriers at a total cost of approximately $38 million. These sister ships were built in 1986 and 1987 and each have a carrying capacity of 34,000 tonnes. The vessels are currently operating under long-term charter agreements to a well known ocean operator.

This acquisition provides a competitive fleet renewal option for Seaway Marine Transport's gearless bulk carrier fleet and it is the Corporation's intention to make these vessels available for use by Seaway Marine Transport in Canadian-flag service upon the expiry of the existing charter commitments. This decision will be based on market conditions at that time.

Slide 31
Construction of a new office building at 25 Corporate Park Drive in St. Catharines was completed in March 2008 at a cost of $5.8 million. Three tenants have now taken occupancy.

With this addition, our Henley Corporate Park complex now has three office buildings totaling 146,000 square feet of rental space.

Slide 32
We assumed operating and management control of our Sault Ste. Marie hotel property on February 1, 2009 and the hotel is now operating as the Waterfront Inn and Conference Centre.

A $6.0 million modernization program which will include building upgrades, esthetical and amenity improvements, as well as new furnishings, fixtures and equipment has commenced and is expected to be substantially completed by the end of this year.

Upon completion of this modernization program hotel management will be assumed by Delta Hotels and Resorts.

Slide 33
With the easy stuff behind us, I would like to now move to our 2009 Outlook.

Slide 34
The collapse of Lehman Brothers in September 2008, signaled the start of a crisis that quickly spread through much of the world's leading banking and financial institutions.

The precipitous loss of liquidity that followed the emerging financial crisis was quickly translated into significant cutbacks in production and consumption of virtually everything from raw materials to finished goods as companies and individuals reassessed their own financial strength.

Slide 35
The dramatic drop in the production and shipment of raw materials, manufactured goods and consumption has often been described by reference to the Baltic Index.

While the Baltic Index does provide a measure of the marginal demand for shipping services it does not incorporate the value of longer term charter agreements, under which much of the world's freight is carried, nor is it an indicator for the value added services provided by Algoma's international or domestic operations.

The value for these services are typically much more stable. Freight rates for value added services and long-term charters are typically much higher than spot rates during periods of lower market demand as occurred previously in this decade and as is occurring at the present time. Long-term value added freight rates also do not typically enjoy the occasional very high price spikes of the spot market.

Slide 36
The Corporation's domestic and international commercial arrangements are with leading counter parties in each sector. However, most markets will not be immune from the current economic volatility and uncertainty. Opinions differ on how long or how deep this current recession will be, making it difficult to quantify how badly Algoma will be affected.

The current economic challenges highlight the value of our diversification strategy. Also, our strong balance sheet positions us very well to withstand this economic and financial uncertainty faced by many companies. While our 2009 results will not look like the stellar results from the last three years, we are confident that we will weather the current financial and economic downturn.

Slide 37
We are committed, in spite of the expected deterioration of our financial results during this economic crisis, to remain focused on our four strategic priorities, namely, Operational Excellence, Environmental Sustainability, Diversification and Growth.

Slide 38
Operational Excellence, or quality performance, continues to be a key strategic priority for each of our business units. The key performance measures for each business unit are effective cost control, reduced incident frequency and cost – This includes personal injury – and minimized non-productive time.

Slide 39
The Corporation is committed to do its share in the reduction of its environmental footprint. Towards this end we continue with our two key initiatives – the industry-wide Green Marine program and further enhancement of our ISO 14001 environmental management program.

At this point, I would like to take a few minutes to talk about two environmental issues that will have a significant impact on the Corporation in the future.

The first issue has to do with air emissions.

Canada and the US are working on a joint submission to IMO to create an Environmental Control Area or ECA on the east and west coasts of North America.

The objective of the ECA is to create a 200 nautical mile buffer zone along both coasts in which the sulphur content of the fuels used by ships will not exceed 1% by 2012 and 0.1% by 2015.

The sulphur content of the fuels used by ships in ocean trading is presently capped at 4.5% and is considered to be a major source of pollution. The average sulphur content of the fuels used by ships operating within the Great Lakes and St. Lawrence region is about 1.7% today.

Algoma is fully supportive of the objective of the ECA to reduce sulphur emissions. We have cautioned governments, however, of the need to proceed carefully.

Within the Great Lakes and St. Lawrence region, marine transportation often competes head to head with trucking and rail. Moving goods by rail consumes 2.2 times more energy than ships and rail emits 1.4 times more atmospheric pollutants. Trucks consume 9.7 times more energy than ships and emit 7.6 times more atmospheric pollutants.

Should the cost of low sulphur fuels or the availability of these fuels threaten the use of marine transportation in favour of less efficient rail or road transportation the objective of creating an ECA will have been lost. The cost of low sulphur fuels may double the cost of fuel used in marine transportation. This will undoubtedly have an adverse effect on many shippers.

The second environmental issue has to do with ballast water discharges.

Early in 2009, the U.S. Environmental Protection Agency or EPA implemented a permit program for discharges arising from normal ship operations.

The EPA program allows individual states to tag on their own legislation, leaving ships subject to different and potentially conflicting permit requirements on a state by state basis. This is a particular problem within the Great Lakes and St. Lawrence region where eight Great Lakes states, two provinces and two federal governments each share jurisdiction on this common waterway.

We continue to monitor developments on these two environmental fronts but it is clear that at some point in the future we will be required to make modifications to existing vessels if we want to continue in the business of moving cargoes on the Great Lakes.

These environmental requirements, as long as there is certainty and consistent application, can be more easily incorporated into new vessel design. Over the next five to ten years many of our Domestic Dry Bulk vessels will be coming to the end of their service life and will need to be replaced.

We are not looking to the Federal government for financial support for this program but it is imperative that the government realize the most logical way to encourage more environmentally friendly transportation is by eliminating the 25% import duty on new vessels. All parties concerned will be winners if such a position is taken.

Slide 40
Our diversification strategy is evolving as the formation of the Hanseatic Tankers partnership will lead to a fifth business segment coming on stream over the next two years.

Our technical and commercial groups, lead by Al Vanagas and Wayne Smith, will have a significant focus of attention on this new segment to ensure the new vessels are technically sound and that the Hanseatic Tanker commercial arrangement has a strong start.

Slide 41
We are confident that further growth opportunities within our current business segments will present themselves during this difficult economic period. As in the past we will always being governed by the principles of accretive investment returns and conservative leverage as we assess any new growth opportunities.

Slide 42
It would be an understatement to say that the next few years are going to be a challenge.

The market uncertainty and volatility are unprecedented and our customers throughout all business segments are facing daily challenges to maintain current production levels.

The bright light at the end of the tunnel for this Corporation is that we have a strong balance sheet, a diversified customer base, an excellent and motivated employee group and strong leadership from the Board of Directors. We are confident that our strengths will continue to be well understood and supported by our Shareholders.

Slide 43
Following the tradition set by our previous CEO, Tim Dool, the last slide I will be showing is a comparison of the Corporation's share price to its Shareholder's Equity or Book Value.

The graph clearly shows two things. The first being that our share price has not been immune to the fallout from the global financial crisis and the second is that the ascending share price line occurred during Tim's tenure and the descending share price line has occurred during my tenure.

That is why I mentioned previously supportive and, hopefully, patient Shareholders.

Slide 44
Thank you.