ALGOMA CENTRAL CORPORATION
Annual Meeting
April 27, 2012

Slide #1 – Title Slide

Thank you, Mr. Chairman.

I would like to welcome shareholders, guests and employees to the 53rd Annual General Meeting of Algoma Central Corporation. This is also the 15th consecutive AGM to be held in beautiful St. Catharines.

Before I move on to the highlights of 2011 and our Financial Results, I would like to review the current Algoma Corporate structure.

Slide #2 – Business Unit Chart

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 #3 – Domestic Dry-Bulk Segment

Our Domestic Dry-Bulk segment includes the ownership and operation of 19 self-unloaders and nine gearless bulk carriers. Our ship repair business, Fraser Marine and Industrial supports this fleet and others.

This 28 vessel fleet is the largest Canadian-flag fleet operating on the Great Lakes – St. Lawrence Waterway. The eight Equinox Class vessels currently on order in China will join this fleet upon their arrival in Canada. I will go into more detail on the new Equinox Class vessels later in my presentation.

Slide #4 – Product Tanker Segment

Our Product Tankers segment owns and operates seven Canadian-flag and one foreign-flag product tanker.

All eight of these vessels meet the double-hull requirements of the International Maritime Organization. Since 2000 we have invested $200 million to upgrade this fleet to be fully IMO compliant and to make it the most modern on the Great Lakes system.

Slide #5 - Ocean Shipping Segment

Our Ocean Shipping segment consists of 100% ownership of two and a 50% ownership of five ocean-going self-unloading vessels. These seven vessels are part of a 23 vessel pooled fleet that operates along the East and West coast of North and South America.

Slide #6 – Real Estate Segment

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

Slide #7 – Title Slide

At the beginning of our Message to Shareholders in the 2011 Annual Report, our Chairman and I made the statement that "Algoma Central Corporation had an outstanding and game changing 2011".

Slide #8 – Top 10 Reasons Why Algoma Central Corporation Had an Outstanding & Game Changing 2011

In keeping with a theme I used in January at the Marine Club dinner, I would now like to present to you the Top Ten Reasons Why "Algoma Central Corporation had an outstanding and game changing 2011".

Slide #9 – Number Ten – Strong Financial Results

Number Ten – Strong Financial Results.

Our 2011 results show a significant improvement over 2010.

The main factors contributing to this increase were:

- Strong Domestic Dry-Bulk utilization and improved expense ratios;
- Strong Domestic Product Tanker utilization and continued cost control and;
- The accretive impact of the Upper Lakes acquisition

Peter Winkley, our Chief Financial Officer, will review these results in more detail later in the presentation.

Slide #10 - Number Nine – Our Significant Fleet Renewal Order

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Our Equinox Class order now stands at eight vessels – four gearless and four self-unloaders, with six to be owned and operated by Algoma and two to be owned by the Canadian Wheat Board and managed by Algoma.

Slide #11 - Keel Laying

The steel has been cut for five of the eight vessels and the keel laying took place for the first two – the *Algoma Equinox* and the *Algoma Harvester,* on April 21st.

We expect these first two vessels to be launched from the slipway this September and October and to be delivered in the first quarter of 2013.

It is also our expectation they will be in service in Canada by the 2nd quarter of 2013.

Slide #12 – Number Eight – Acquisition of the Upper Lakes Fleet

Number Eight - Acquisition of the Upper Lakes Fleet.

Slide #13 – April 14, 2011 Transaction

The Upper Lakes acquisition included eleven vessels outright, five vessels that were jointly owned and an Equinox Class gearless bulk carrier. This transaction was finalized on April 14th.

Combined with the new Equinox Class vessels, this acquisition allows the Corporation to enhance its focus on its domestic dry-bulk segment and the very important task of fleet renewal.

Slide #14 – Number Seven – Consolidation/Restructuring Domestic Shipping

Number Seven - Consolidation and Restructuring of Domestic Shipping.

Slide #15 - April 15, 2011

The next day, April 15th, we started the restructuring and consolidation of our domestic dry-bulk and product tanker operations. This process included combining the technical and commercial management teams of both fleets and consolidating the back offices of both.

This integration has been very successful from a synergies standpoint but more importantly it has facilitated the development of a very strong, committed and unified culture.

As an example, at last year's annual meeting I introduced our Return on Capital Employed improvement initiative. Since then we have met every quarter with our corporate-wide management team to review priorities and strategic action plans in areas such as cost management, revenue optimization, utilization improvements and the reduction of incident costs and vessel non-productive time.

Improvement initiatives are integrated into all strategic plans and key performance metrics are linked to the Corporate incentive plan.

Our coordinated and integrated approach to operational excellence and sustainable ROCE improvement has certainly been enhanced since this consolidation.

Slide #16 – Number Six – Re-Branded Domestic Dry-Bulk Fleet

Number Six - Re-Branded Domestic Dry-Bulk Fleet.

Slide #17 – The "Algoma" Brand

In addition to our shore side restructuring, we quickly started the re-branding of our domestic dry-bulk vessels. As of this spring fit-out, all acquired vessels have been changed to an "Algoma" name and the Algoma Bear has replaced the Upper Lakes Diamond on each of the stacks.

One exception to the vessel naming protocol was the vessel *John D. Leitch*. We are keeping this name in our fleet in recognition of the significant contribution made by Jack Leitch to the Canadian marine industry.

Slide #18 – Number Five – New Credit Facilities

Number Five - New Credit Facilities.

Our recent capital expenditures and commitments include the two recently delivered coastal vessels, the Upper Lakes acquisition and the six Equinox Class vessels on order. This totals nearly five hundred million dollars.

To support this significant capital program and to provide overall financial flexibility (and to allow our Chairman and Board of Directors to sleep at night) we completed a renewal and expansion of our credit facilities in July 2011.

Slide #19 - Renewed and Expanded Credit Facilities

Our objective was to secure $400 million dollars in committed financing which we achieved through the issuance of $69 million of seven year subordinated convertible debentures, $150 million of ten year senior secured notes and $150 million from a revolving five-year banking facility. We also left in place $30 million dollars of existing term loans.

The result is attractively priced debt that has a mix of fixed and floating rates with tenors more than adequate for our current capital program.

Slide #20 – Number Four – The *Algoma Mariner* Christening

Number Four – *Algoma Mariner* Christening.

Slide #21 - *Algoma Mariner* Christening

We ended the summer of 2011 on a very high note with the Christening Ceremony for the recently arrived *Algoma Mariner*. This vessel was the first completely new Canadian-flag dry-bulk vessel to be brought into service on the Great Lakes in over 25 years. She was christened during a special ceremony in Port Colborne, Ontario on August 25th.

The official Port of Registry for the *Algoma Mariner* is Port Colborne in recognition of our long association with this community. A crowd of over 200 watched Mrs. Lisa Badawey, the wife of Mayor Vance Badawey, impart a traditional blessing and then launch a champagne bottle to break against the bow of the vessel. What made this moment even more special was that this was the first champagne bottle to break against a new Algoma domestic dry-bulk hull since 1983 – almost 30 years ago.

Slide #22 – Number Three – Our Customers

Number Three – Our Customers.

Slide #23 - Supportive Customers

I would like to make special mention of our domestic customers who have been very supportive and cooperative as we progressed through our restructuring and consolidation and the transition from Seaway Marine Transport to Algoma Central Corporation.

Slide #24 – Number Two – Our Board of Directors

Number Two – Our Board of Directors.

Slide #25 - Our Board of Directors

In 2011 the Algoma Board held eight special Board Meetings in addition to the regular slate to provide guidance and direction to Management as the various events and transactions were unfolding during the year.

On behalf of the Executive Team, I would like to thank the Board for their support, guidance and availability during these very exciting times.

Slide #26 – Number One – Our Employees

Number One – Our Employees

Slide #27 – Algoma Employees

2011 was a year of very significant change for many of our employees. Whether it was the employee groups impacted by the restructuring and consolidation of our domestic operations or the former Upper Lakes shipboard employees being integrated into the

Algoma structure – all employees demonstrated professionalism, cooperation and understanding during this transition.

I wish to thank all Algoma Central Corporation employees, many of whom are in attendance today, for a job extremely well done.

Slide #28 - 2011 Financial Results

I am now going to take a break and ask Peter Winkley to come up and review our 2011 Financials and our 2012 Q1 Results which are being released today.

Thank you, Greg.

As Greg noted in his comments, we are proud of our results for 2011. As we worked to complete the Upper Lakes Transaction over the course of the winter last year, we were confident that the acquisition was going to be accretive immediately for Algoma. We are extremely pleased with how quickly this impact was realized.

A quick comment before I continue regarding the change that Algoma and other public companies made to adopt International Financial Reporting Standards or IFRS for 2011. This change had a significant impact on the way in which we report our 59% interest in the domestic dry-bulk business for periods prior to the acquisition. In converting to IFRS, we restated our results for 2010 to reflect only our 59% interest in Seaway Marine Transport. In prior years we reported this business on a consolidated basis, reflecting 100% of related revenues, expenses, assets, and liabilities, but showing a charge on a single line for the minority partner's share of the business. The change to IFRS had essentially no impact on the net income we reported for the business, but an approximate 41% decrease in every line on our income statement to reflect our partner's interest.

Slide #29 - Revenue

You can see this clearly on the slide behind me if you look at the 2010 revenues as we originally reported them under Canadian GAAP compared to what we now report under IFRS for that year. It is my hope, in my remarks that follow, that I can help you to understand what really happened in the business and not lose you in the accounting.

Revenues for 2011 were up for the business taken as a whole, reflecting steady to rising volumes in the domestic businesses and an improvement in occupancy in our real estate segment, particularly at the hotel, which re-opened in early 2010. Although revenues were lower in our Ocean segment, this was principally due to our transfer of three ocean bulkers into Lakes service partway through 2010 to replace retired vessels in that business.

On a reported basis, revenues increased from $394 million to $583 million; however, as I noted before, in 2010 under Canadian GAAP, we reported 100% of the revenues of our domestic business. Under those rules, we reported 2010 revenues of $536 million, resulting in an increase of 11% for 2011 based on this apples-to-apples comparative.

Domestic dry-bulk volume shipments were down marginally compared to 2010. The entire drop is attributable to a significant decline in coal shipments, as Ontario Power Generation advances towards its 2014 no-coal mandate, although the reduced shipments were essentially replaced by higher volumes in most of our other major markets. While volumes were down marginally, improved vessel utilization led to higher revenues for the domestic dry-bulk business overall. Volumes increased for our domestic tankers which also led to improved vessel utilization in that business.

Slide #30 – Operating Earnings, Net of Tax

Segment operating earnings net of taxes also improved dramatically for 2011, increasing to $69 million from $32 million the year before. The ULG Transaction was the single biggest contributor to this improvement as we acquired their 41% interest in our partnership, along with the ships that they chartered into the domestic dry-bulk fleet.

I should point out that the timing of the transaction also had an impact on the reported earnings for 2011. As you are aware, we do most of our annual maintenance on our domestic fleet during the winter when the canal system is closed. Under accounting rules, we began to account for 100% of the business only after the Transaction closed on April 14^{th}. Since most of this winter spending occurred prior to that date, accounting rules deem it to be to the account of our former partner. Had the transaction closed on January 1^{st}, such that the full impact of the winter maintenance spending was carried by Algoma and we received the charter payments for the ULG ships, our 2011 reported results would have been reduced by $16 million. Even taking that pro-forma adjustment into account, our 2011 results were still extremely strong.

Slide #31 – Earnings Per Share

Earnings per share were similarly impacted by the acquisition and by this accounting impact on the first quarter. We reported EPS of $17.69 for 2011 compared to $4.77 for 2010. Taking into account the winter maintenance adjustment, our 2011 pro-forma EPS would have been $13.36.

Slide #32 – Cash Flow from Operations Per Share

The positive impact of the acquisition, combined with the generally strong results for the businesses, is highlighted by the growth we experienced in cash flow from operations. Cash from operations increased from $68 million to $104 million, an increase of 55%. On a per share basis, the corresponding figures are $17.36 and $26.68.

Slide #33 - ROCE

And finally, our return on capital employed or ROCE, which we measure by dividing after-tax operating earnings by average long-term debt plus shareholders' equity, improved to 11.3% compared to 5.9% for 2010. This increase ties directly to all of the items I discussed previously.

Slide #34 – Adjusted ROCE

For internal purposes we also look at ADJUSTED ROCE. Our objective is to deliver ADJUSTED ROCE in the range of 10% to 12%, an objective that we have not met in the few years prior to 2011. To calculate ADJUSTED ROCE, we reduce capital employed by the significant investment in progress payments on vessels under construction plus excess cash. This measure of the return on capital that is invested in the actual operations is a higher number than the unadjusted figure. For instance, regular ROCE for 2010 was 5.9% while ADJUSTED ROCE was 7.6%.

For 2011, however, we also adjusted the earnings used for this internal calculation such that the earnings reflect the full operations for the entire year and therefore the loss attributable to the minority interest in the first quarter is included in the calculation. As it happens, for 2011 these two adjustments effectively offset each other such the regular and ADJUSTED ROCE figures were both 11.3%.

Slide #35 - ROCE Improvement Plan

I should point out that all Algoma staff have a significant portion of their annual incentive compensation tied to ROCE targets that are set by your Board of Directors. Although we are happy to report that we achieved an adjusted ROCE within the target band for 2011, we remain committed to improving this by focusing on the ROCE improvement areas we first identified last year.

Importantly, these improvement initiatives are about continuous improvement and doing the things that we do now, better.

The ULG Transaction enabled us to begin a process of integration for our domestic businesses. In fact, we began that process on April 15th, the day after the transaction closed. In 2011, we realized approximately $1.5 million of annualized synergies related mostly to a reorganization of staff. We will continue to focus on acquisition synergies, including improved efficiency of our back office operations and taking a more strategic approach to vessel lay-up.

Another key area for us is a reduction in the cost of incidents, including a reduction in the non-productive time that results from incidents. All of our ship managers, masters, chief engineers, and crews are involved in this initiative.

Finally, we expect our investment in new Equinox Class vessels to deliver a solid return on investment that will be accretive to the ROCE improvements that we are targeting from our existing fleet.

Slide #36 – Share Price vs. Book Value

Another important benefit of the ULG Transaction and the efforts that went into our refinancing this past year is that the Algoma story seems to be catching on. As Greg's Top Ten list illustrates, there are plenty of reasons to follow the Algoma story. And the markets seem to be listening. Our share price rose 9% over the course of 2011 and has risen a further 17% so far this year. We are now trading a little above book value for the first time since 2007. Although part of this improvement in the price to book ratio is attributable to the reductions in net equity resulting from accounting adjustments related to moving to IFRS, the majority of the improvement can be traced to the increase in share price.

Slide #37 – Dividend Record

And the story is far from over. Earlier this year, your Board of Directors increased the quarterly dividend from 45¢, where it has been for the past three years, to 50¢, effective March 1, 2012. This morning, the Board approved a June 1st dividend at this same amount. That dividend will mark the 70th consecutive quarterly dividend paid by the Corporation.

Slide # 38 - 2012 First Quarter Results

Slide #39 – 2012 Q1 Highlights

Earlier today we issued our first quarter results for 2012. I am pleased to report that revenues for the overall businesses grew 7% compared to last year. Because our reported revenues for Q1 of 2011 do not include 100% of the dry-bulk revenues for the reason I noted previously, our published income statement shows a revenue increase of 16%, but revenue for last year's first quarter would be $5 million higher if all of the dry-bulk business were included.

As you know, we traditionally report a loss in the first quarter of each year as we take advantage of the closure of the canal during the winter to complete the vast majority of our annual maintenance on the dry-bulk fleet. Our loss for the first quarter this year was $31 million, or $8.00 per share. This compares to $17 million and $4.37 per share last year reflecting only our 59% interest in the business.

Slide #40 - Pro-Forma Q1 2011

To help you understand the results for 2012 the slide you see behind me shows 2012 compared to a pro-forma view of 2011. In this view of 2011, I have given effect to the ULG Transaction on January 1st last year. The result of this adjustment is to include 100% of the operating loss for the winter lay-up period along with the charter payments previously earned by our partner on their vessels which now belong to Algoma. Had the ULG Transaction occurred on January 1st last year, the net loss for 2011 would have been $32 million or $8.33 per share.

We are pleased with these results and remained focused on continuing to improve the ROCE as we grow the Algoma business.

I will now turn the podium back to Greg to wrap up.

Slide #41 – Business Challenges (placeholder)

Slide #42 - Business Challenges

The steady improvement in the North American economy has had a positive impact on many of our customers, especially in the iron and steel segment. The majority of economists are calling for continued improvement albeit clouded by many disclaimers.

It is generally felt the most significant events that could lead to the contraction of the North American economy would be slowing global growth, the European economy sliding backwards or a significant upward spike in oil prices.

Absent any of these events we feel 2012 results should continue to be strong.

We continue to work with Canadian and U.S. regulators regarding the requirements for ballast water treatment systems and the rules for reductions in sulphur emissions for vessels trading exclusively in the Great Lakes / St. Lawrence Waterway.

The U.S. Coast Guard, EPA and individual states all seem to have reached a consensus regarding a common treatment standard for ballast water based on the International Maritime Organization standard.

At this time, a treatment system has not been developed with sufficient flow rates to meet our ballasting requirements that is able to work to this standard in the Great Lakes environment of fresh, cold water.

On the sulphur emission front, we continue to work with Canadian regulators to develop a made in Canada solution that will allow us to meet the incoming sulphur reduction targets through a combination of the introduction of more fuel efficient vessels, installation of exhaust gas scrubbers and switching to fuel with a lower sulphur content.
We did recently announce that we have signed a contract with Wartsila Ship Power for the supply of exhaust gas scrubbers for the new Equinox Class vessels. These scrubbers are designed to remove 97% of sulphur oxide emissions generated by vessel engines.

This equipment will allow the use of lower cost heavy fuel oils while, at the same time, meet the new Emission Control Area sulphur limits.

Slide #43 – Labour Demographics

This chart indicates that over 50 percent of the employees on our Canadian fleets will be at or near retirement age within the next ten years.

Clearly we need to attract and retain the next generation of sailors for our fleets. On a positive note our new Equinox Class vessels with their advanced design and modern technology are a terrific recruiting tool.

In the last few months I have spoken to the cadet classes at both Georgian College in Owen Sound and BCIT in Vancouver. When I showed our new Equinox video their interest in Algoma increased significantly.
This point leads naturally to the last part of my presentation – our new Equinox Class video.

Slide #44 - Equinox Video

Slide #45 - Concluding Remarks

In my opinion, Algoma Central Corporation is a much different company than it was 18 months ago. The events of 2011 have resulted in the Corporation being significantly stronger, both from an organizational and a financial perspective.

It is now up to the Algoma employees acting as ONE Team with ONE Vision and ONE Purpose to execute our strategy.

I am extremely confident that this team – Our Team - will exceed expectations.

Slide #46 – Thank you

Thank you.