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## **NEWS RELEASE**

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### **Fourth Quarter Results Reflect Economic Downturn but Essar Steel Algoma Reports Improved Overall Performance for 2009**

SAULT STE. MARIE, ONTARIO – Despite a difficult fourth quarter reflective of the economic downturn, Essar Steel Algoma reported an improved overall performance and net income of \$217.3 million for the 2009 fiscal year. For the three month period ending March 31, 2009, Essar Steel Algoma reported a net loss of \$3.5 million, primarily attributable to lower shipments and exceptional charges relating to inventory write-downs. EBITDA, a meaningful indicator of the Company's profitability, recorded a \$10.1 million loss for the quarter and a \$453.4 million gain for the twelve month period as compared to \$118.3 million in 2008. Significantly stronger steel markets early in the year, combined with productivity improvements resulted in the strong overall 2009 performance.

Shipments for the quarter were 524,000 tons representing a 23.3% decrease over the same period in 2008. For the twelve month period ended March 31, 2009, shipments were 2.6 million tons, a slight increase over the prior year.

Sales for the fourth quarter of 2009 were \$402.8 million as compared to \$502.3 million for the corresponding period in 2008, representing a decrease of 19.8%, a direct result of lower shipments. For the 2009 fiscal year, sales were \$2.6 billion, up 36.4% over the previous year. Higher average selling prices and a greater value-added product mix contributed to this increase.

Chief Executive Officer Armando Plastino remarked on the quarter, "Careful cost containment and a prudent operating plan enabled us to minimize the loss in the fourth quarter." For the year overall he added, "We achieved exceptional results in combination with several significant capital projects – namely the restart of No. 6 blast furnace, the commissioning of a cast house emission control system on No. 7 blast furnace, and the construction of a 70 MW cogeneration facility. As we weather this cycle, we remain focused on the immediate need for continued cost containment and look to capitalize on our favourable position when markets improve.



A member of the Essar Group, Essar Steel Algoma Inc. is based in Sault Ste. Marie, Ontario. As a fully integrated steel producer, the Company derives its revenues primarily from the manufacture and sale of hot and cold rolled steel products including sheet and plate.

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