WEST STREET
CAPITAL CORPORATION

2009 FIRST QUARTER
INTERIM REPORT TO SHAREHOLDERS
FOR THE THREE MONTHS ENDED MARCH 31, 2009

West Street Capital Corporation ("West Street" or the "company") reported net income for the three months ended March 31, 2009 of $0.4 million, consistent with $0.4 million reported during the same period in 2008. Investment income decreased by $0.2 million from the same period in 2008 to $0.5 million for the three months ended March 31, 2009, and consists principally of dividends and interest earned on the company's securities portfolio. The decrease in investment income is a result of lower interest rates on the company's securities portfolio. After providing for unpaid preferred share dividend obligations of $0.7 million that accumulated during three month period, the net loss was $0.03 per common share, compared to a net loss of $0.03 per common share during the three months ended March 31, 2008.

The company classified investments within its securities portfolio as available-for-sale financial instruments and accordingly records changes in the market value of these investments in other comprehensive income. During the three months ended March 31, 2009, unrealized losses recorded in other comprehensive income were $0.4 million after tax, consistent with the prior year and offset the net income recorded during the period. Accordingly, the net book value attributed to the preferred shares was unchanged at $42.4 million or $25.23 per preferred share.

The company's major shareholder, Brookfield Asset Management Inc., ("Brookfield") intends to make a formal offer to purchase any Class E Preferred Shares, Series 1 of the company (the "Preferred Shares") that Brookfield does not currently own at a price of $35.00 for each Preferred Share. The company's Board of Directors has established a committee of Independent Directors to review the offer and the offer will include an independent valuation of the Preferred Shares.

On behalf of the Board,

Brian D. Lawson
President
May 27, 2009

Forward-Looking Information

This interim report contains forward-looking information concerning the company's business and operations. The words "intends", "believe", "continuing", "become", "endeavours", "principally", "generally" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "will", "may" or "could" are predictions of or indicate future events, trends or prospects and which do not relate to historical matters or identify forward-looking information. Forward-looking information in this interim report includes, among others, statements with respect to the company's major shareholder's intention to make a formal offer to purchase any Class E Preferred Shares, Series 1 of the company (the "Preferred Shares") that it does not currently own and the independent valuation of the Preferred Shares included in the offer, the Company's securities portfolio as a source of financial resources to develop new business opportunities, the company's continuing efforts to look for opportunities to increase returns on its investment portfolio and develop new business ideas, the use of foreign exchange contracts to manage the Company's exposure to the United States dollar and maintain a balanced position, variances in the net income due to income tax expenses, potential differences in actual results from estimates and assumptions used during the preparation of financial statements, the development and implementation of an International Financial Reporting Standards ("IFRS") conversion plan, and the impact of the adoption of IFRS on the company's reported financial position and results of operations.

Although the company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on the forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking information and statements.

Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include: the behavior of financial markets, including fluctuations in interest and exchange rates, availability of equity and debt financing and other risks and factors detailed from time to time in the company's other documents filed with the Canadian securities regulators.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be as a result of new information, future events or otherwise.

Cautionary Statement Regarding Use of Non-GAAP Accounting Measures

This interim report makes reference to net book value per preferred share and common share deficit per preferred share, and provides a full reconciliation between these measures and total assets, respectively, which the company considers to be the most directly comparable measures calculated in accordance with GAAP.

OVERVIEW

This section of the interim report presents management's discussion and analysis of the financial position of the company, the results of its operations, liquidity and capital resources, business risks and future outlook. The section makes reference to the financial statements of the company which are presented on pages 6 through 8 of this report. The information in this section should be read in conjunction with our most recent annual report. Additional information is available on SEDAR's web site at *www.sedar.com*.

RESULTS OF NET INCOME

Investment Income

The company earned investment income of $0.5 million for the three months ended March 31, 2009, compared to $0.7 million in the same period in 2008. Investment income consists principally of dividends and interest earned on the company's securities portfolio, in addition to interest earned on cash and equivalents. The decrease in investment income is a result of lower interest rates on floating rate investments.

Expenses

Operating expenses totalled $35 thousand for the three months ended March 31, 2009, compared to $25 thousand in the same period of 2008.

Current tax expense decreased from $226 thousand in the same period in the prior year to $106 thousand during the quarter, as a result of a lower level of taxable earnings. As at March 31, 2009 the company had no non-capital losses and capital losses of $267.9 million (December 31, 2008 – $267.8 million). As the ability of the company to utilize the capital losses is unlikely, no recognition has been given in these financial statements to the potential tax benefits associated with these items.

ASSET ANALYSIS

Securities

The company holds a portfolio of securities which provides stable cash flows and a source of capital to support its operations and future activities. The fair value of the portfolio at the end of the first quarter of 2009 was $25,088 thousand compared to $25,392 thousand at December 31, 2008.

The company's securities portfolio is comprised principally of high grade securities, and income trust units of public corporations. The composition of the company's securities portfolio is summarized below:

$thousands	**March 31, 2009**	December 31, 2008
Security Type		
High Grade	**$ 21,097**	$ 21,061
Income Trusts	**3,991**	4,331
	$ 25,088	$ 25,392

$thousands	**March 31, 2009**	December 31, 2008
Industry Sector		
Financial Services	**$ 7,154**	$ 7,259
Natural Resources	**5,121**	5,353
Real Estate	**12,813**	12,780
	$ 25,088	$ 25,392

LIQUIDITY AND CAPITAL RESOURCES

The company's ongoing operating cash requirements are currently limited to the payment of operating expenditures and it currently operates with a positive operating cash flow. There have been no changes in the capital structure or number of shares outstanding of the company since December 31, 2008.

Preferred share dividends have not been declared or paid since November 1991 as the company has a large common share deficiency. In addition, the company currently has no plans available to fund the deficiency. At March 31, 2009 dividends in arrears amounting to $51.3 million (December 31, 2008 – $50.6 million) were not accrued in the company's financial statements, representing $30.56 per preferred share (December 31, 2008 – $30.12).

The net book value attributable to the company's Class E Preferred Shares, Series 1 was $25.23 per share at March 31, 2009, compared with $25.25 at the end of the preceding year. There continues to be a significant deficit attributable to the common shares as demonstrated in the following table.

$thousands, except per share amounts		**March 31 2009**		**Per Preferred Share**		December 31 2008		Per Preferred Share
Book value of net assets and liabilities	**$**	**42,351**	**$**	**25.23**	$	42,374	$	25.25
Less amounts attributable to preferred shares								
Redemption value		**41,887**		**24.96**		41,887		24.96
Unaccrued dividends in arrears		**51,293**		**30.56**		50,560		30.12
		93,180		**55.52**		92,447		55.08
Common share deficit	**$**	**(50,829)**	**$**	**(30.29)**	$	(50,073)	$	(29.83)

BUSINESS RISKS AND OUTLOOK

Business Profile

West Street is an investment holding company, and accordingly, its principal business risks relate to its investment holdings.

West Street's securities portfolio consists principally of preferred shares, income trust units and debentures. Preferred shares and debenture securities, while ranking ahead of common shares of the issuers, are still subject to risks including issuer specific credit risks and fluctuations in interest rates. Surplus funds are invested in highly rated money market instruments and deposits pending future deployment. These securities are intended to provide the company with financial resources to develop new business opportunities when they become available.

At the end of the quarter, the average rate of return on West Street's securities portfolio was 5.9% compared to 6.0% in 2008. The company is continuing to look for opportunities to increase returns on the investment portfolio and develop new business ideas.

Use of Derivatives

West Street uses foreign exchange contracts to manage its exposure to the United States dollar. As a general policy, the company endeavours to maintain a balanced position. As at March 31, 2009, the company held US$2.5 million of U.S. denominated securities and held US$2.5 million of foreign exchange contracts used to offset any revaluation gains or losses.

SUMMARY OF FINANCIAL INFORMATION

The following table summarizes selected financial information of the company for the three months ended March 31, 2009 and 2008 and for the years ended December 31, 2008, 2007 and 2006:

	Three months ended March 31		Years Ended December 31		
$thousands, except per share amounts	**2009**	2008	2008	2007	2006
Investment income	**$ 521**	$ 690	$ 2,578	$ 3,019	$ 2,551
Unpaid preferred share dividends	**(733)**	(733)	(2,932)	(2,932)	(2,932)
Net income	**380**	354	1,625	1,841	2,250
Net loss per common share	**(0.03)**	(0.03)	(0.12)	(0.10)	(0.06)
Total assets	**$ 42,434**	$ 46,442	$ 42,432	$ 46,767	$ 44,197

A summary of the eight recently completed quarters is as follows:

	2009	2008				2007			
$thousands, except per share amounts	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment income	**$ 521**	$ 576	643	669	690	$ 669	$ 918	$ 837	$ 595
Net income	**380**	413	466	392	354	150	538	594	559
Net loss per common share	**$ (0.03)**	$ (0.03)	(0.03)	(0.03)	(0.03)	$ (0.05)	$ (0.02)	$ (0.01)	$ (0.02)

Investment income has remained relatively consistent over the last eight quarters and consists principally of dividends and interest earned on the company's securities portfolio. The increase in the second and third quarter of 2007 relates to foreign currency gains. The variance in net income is due principally to income tax expenses.

RELATED PARTY TRANSACTIONS

A significant proportion of the company's securities and financing transactions are conducted with Brookfield Asset Management Inc. and associated companies. At March 31, 2009, securities included $14.4 million (December 31, 2008 – $14.7 million) of securities of public companies in which Brookfield or its associates have direct or indirect equity interests. Cash and equivalents includes $4.6 million (December 31, 2008 – $4.6 million) on deposit with Brookfield which bears interest at the prime rate and is available to the company on demand. Investment income during the quarter from related party securities and deposits totalled $0.3 million (2008 – $0.4 million).

SIGNIFICANT ACCOUNTING POLICIES

Securities are classified as available-for-sale financial instruments and are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most active market for that instrument to which we have immediate access.

The company follows the asset and liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on temporary differences between the carrying amount and tax bases of assets and liabilities, and unused income tax losses are measured using the tax rates and laws substantively enacted at the balance sheet date.

The company uses derivative financial instruments to manage foreign exchange risks. Gains and losses resulting from these transactions are included in income on the same basis as the asset or liability which has been hedged.

DISCLOSURE CONTROLS AND PROCEDURES

We maintain appropriate information systems, procedures and controls to ensure that new information disclosed externally is complete, reliable and timely. The Chief Executive Officer and the Chief Financial Officer of the company evaluated the effectiveness of the company's disclosure controls and procedures (as defined in "Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") as at March 31, 2009 and have concluded that the disclosure controls and procedures are operating effectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are required in the determination of cash flows and probabilities in assessing net recoverable amounts and net realizable values; tax balances and other provisions; and fair values for recording and disclosure purposes.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management. The company's independent auditor has not reviewed these financial statements.

Brian D. Lawson
President
May 27, 2009

Balance Sheets

$thousands	Note	*(unaudited)* **March 31, 2009**	December 31, 2008
Assets			
Cash and equivalents		**$ 17,165**	$ 16,805
Securities	3	**25,088**	25,392
Interest receivable and other		**181**	235
		$ 42,434	$ 42,432
Liabilities			
Accounts payable and provisions		**$ 83**	$ 58
Shareholders' equity	4	**42,351**	42,374
		$ 42,434	$ 42,432

See accompanying notes to financial statements.

Statements of Operations

(unaudited) $thousands, except per share amounts	Note	Three months ended March 31 **2009**	2008
Investment income		**$ 521**	$ 690
Operating and legal expenses		**35**	25
Net income before tax		**486**	665
Current tax expense		**106**	226
Future tax expense		**—**	85
Net income		**$ 380**	$ 354
Net loss per common share	5	**$ (0.03)**	$ (0.03)

See accompanying notes to financial statements.

Statements of Retained Earnings

(unaudited) *$thousands*		*Three months ended March 31* **2009**		*2008*
Retained earnings, beginning of period	**$**	**2,084**	$	459
Net income		**380**		354
Retained earnings, end of period	**$**	**2,464**	$	813

Statements of Comprehensive Loss

(unaudited) *$thousands*		*Three months ended March 31* **2009**		*2008*
Net income	**$**	**380**	$	354
Other comprehensive loss				
Unrealized loss on available-for-sale securities		**(403)**		(456)
Future tax recovery		**—**		85
Other comprehensive loss		**(403)**		(371)
Comprehensive loss	**$**	**(23)**	$	(17)

Statements of Accumulated Other Comprehensive Loss

(unaudited) *$thousands*		*Three months ended March 31* **2009**		*2008*
Balance, beginning of period	**$**	**(5,577)**	$	(91)
Other comprehensive loss		**(403)**		(371)
Balance, end of period	**$**	**(5,980)**	$	(462)

Statements of Cash Flows

(unaudited) *$thousands*	Three months ended March 31 ***2009***	 *2008*
Cash flow from operating activities		
Net income	**$ 380**	$ 354
Add (deduct) non-cash items		
Future income taxes	**—**	85
Changes in working capital	**(20)**	(463)
Increase (decrease) in cash and equivalents	**360**	(24)
Cash and equivalents, beginning of period	**16,805**	16,190
Cash and equivalents, end of period	**$ 17,165**	$ 16,166

Notes to the Financial Statements

1. BASIS OF PRESENTATION

Reference is made to the company's Annual Report for 2008 that includes information necessary or useful to the understanding of the company's business and financial statement presentation. In particular, the company's significant accounting policies were presented as Note 1 to the financial statements included in that report, and have been consistently applied in the preparation of these interim financial statements, except as described below.

The interim financial statements are unaudited and follow the accounting policies summarized in the notes to the annual financial statements. Financial information in this Report reflects any adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair statement of results for the interim periods in accordance with generally accepted accounting principles in Canada.

The results reported in these interim financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. FUTURE CHANGES IN ACCOUNTING POLICY

The AcSB confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company is in the process of developing and implementing an IFRS conversion plan that will address changes in accounting policy, the restatement of comparative periods, organizational and internal control, the modification of existing systems and the training and awareness of staff, in addition to other related business matters. Overall responsibility for the implementation and success of the Company's conversion plan rests with the Company's senior financial management who report to and are overseen by the Company's Audit Committee.

IFRS are premised on the conceptual framework similar to Canadian GAAP, however, significant differences exits in certain matters of recognition, measurement and disclosure. The company's activities are generally limited to the ownership of investments and because of the similarities between Canadian GAAP and IFRS, management does not believe the adoption of IFRS will result in material changes to the reported financial position and results of operations of the company. A detailed analysis of the differences between IFRS and the company's current accounting policies under Canadian GAAP is currently in process.

3. SECURITIES

The company's securities are classified as available-for-sale financial instruments and accordingly are carried at fair value. The portfolio includes $14.4 million in securities of affiliates which are under common control. The company's securities portfolio consists of:

	March 31, 2009				*December 31, 2008*			
$thousands	**Bonds**	**Preferred Shares**	**Income Trust Units**	**Total**	Bonds	Preferred Shares	Income Trust Units	Total
Industry Sector								
Financial Services	**$ 2,660**	**$ 4,494**	**$ —**	**$ 7,154**	$ 2,671	$ 4,588	$ —	$ 7,259
Natural Resources	**—**	**3,537**	**1,584**	**5,121**	—	3,463	1,890	5,353
Real Estate	**7,990**	**2,416**	**2,407**	**12,813**	8,025	2,314	2,441	12,780
	$ 10,650	**$ 10,447**	**$ 3,991**	**$ 25,088**	$10,696	$ 10,365	$ 4,331	$ 25,392

4. SHAREHOLDERS' EQUITY

The company's authorized share capital consists of an unlimited number of Class E, Series 1 Preferred shares and an unlimited number of common shares.

The issued and outstanding share capital consists of:

$thousands		***March 31 2009***		*December 31 2008*
Preferred shares, Class E, Series 1				
1,678,465 issued and outstanding	**$**	**41,887**	$	41,887
Common shares				
10,926,997 issued and outstanding		**3,980**		3,980
		45,867		45,867
Accumulated other comprehensive loss		**(5,980)**		(5,577)
Retained earnings		**2,464**		2,084
	$	**42,351**	$	42,374

The 7% cumulative, redeemable, convertible Class E Preferred shares, Series 1 are redeemable at the option of the company at $24.96 per share plus all accrued and unpaid dividends.

The company suspended dividend payments on the Class E Preferred shares, Series 1 in November 1991. At March 31, 2009, undeclared dividends in arrears amounted to $51.3 million (December 31, 2008 – $50.6 million).

5. NET LOSS PER COMMON SHARE

Net loss per common share of $0.03 (2008 – $0.03) is calculated after preferred share dividend obligations amounting to $0.7 million in the first quarter 2009 (2008 – $0.7 million) and is based on 10,926,977 common shares being the weighted average number of common shares outstanding for the three months ended March 31, 2009 and March 31, 2008, respectively.

Corporate Information

DIRECTORS

James C. Bacon[1]
Corporate Director

Brian D. Lawson
Managing Partner and Chief Financial Officer
Brookfield Asset Management Inc.

David A. Lewis[1]
Chairman of the Board
Green Shield Canada

Frank N.C. Lochan[1]
Corporate Director

1 Member of the Audit Committee

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STOCK EXCHANGE LISTING

TSX Venture Exchange:

WSC – Common Shares, Preferred Shares

OFFICERS

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Chairman

Brian D. Lawson
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