

INTERNATIONAL SHIPHOLDING CORPORATION

CORPORATE GOVERNANCE GUIDELINES

BOARD COMPOSITION

Board membership criteria: The Nominating and Governance Committee is responsible for establishing selection criteria for members of the Board in accordance with relevant law and New York Stock Exchange (“NYSE”) listing rules. Generally, directors should possess practical wisdom, sound judgment and a broad range of experience that is relevant to the Company’s business and is complementary to the background of the other directors. They should be committed to devoting the time necessary to carry out their responsibilities, serving on the Board for a sufficient period of time to develop knowledge about the business, and objectively representing the best interests of the Company’s stockholders.

The Board shall be comprised of a majority of members who are independent. The Board is guided by the Securities and Exchange Commission (“SEC”) and NYSE definitions of “independent director.”

Size of the Board: The Company’s By-Laws sets the number of directors as at least three with the actual number of directors being fixed periodically by resolution of the Board. The Board should not be too small as to forgo diversity of Board expertise and experience or too large to operate effectively.

Selection of directors: The Board is responsible for nominating new director candidates and for nominating incumbent directors for re-election by the Company’s stockholders. The Board has delegated this responsibility to the Nominating and Governance Committee. Individuals qualified to fill vacant director positions or to stand for re-election should be identified based on the previously described criteria and input from all Board members. The Nominating and Governance Committee will select, or recommend that the Board select, the director nominees to be voted upon by the Company’s stockholders. Invitations to join the Board will be extended by the Chairman of the Board (“Chairman”) or the Chairman of the Nominating and Governance Committee on behalf of the entire Board.

Stockholder nomination of directors: Stockholders may propose nominees for consideration by the Nominating and Governance Committee by submitting the names and supporting information to: Secretary, International Shipholding Corporation, 11 North Water Street, Suite 18290, Mobile, Alabama 36602. Nominations from stockholders for the next annual stockholders' meeting must be submitted by the date specified in the Company's last Proxy Statement.

Selection of Chairman of the Board: The Company’s By-Laws provide that the Chief Executive Officer (“CEO”) of the Company shall be the Chairman, shall have the general powers and duties of supervision and management usually vested in the office of the chief executive, and shall preside at all meetings of the Board. The Board is responsible for the selection of the Company’s CEO and shall make its selection in a manner that it considers to be in the best interests of the Company and its stockholders.

Retirement age: The Board does not have a policy requiring the retirement of its members upon reaching a certain age. Each member is expected to consider whether he can continue to fulfill his responsibilities before agreeing to stand for re-election annually, and the Nominating and Governance Committee should consider each member’s age when determining whether to nominate that director for re-election.

Term limits: The Board has no policy establishing term limits for its members. The Board believes the contribution of directors who have developed insight into the Company, and the continuity of a Board consisting of such members, are advantages that would be lost if term limits were imposed. The Nominating and Governance Committee will instead consider the value of each member’s contribution to the Board each year and, if a director experiences a change in his professional responsibilities, will specifically consider whether

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nomination of that director for re-election would be in the best interest of the Board, the Company, and its stockholders.

BOARD RESPONSIBILITIES

General: The fundamental responsibility of the directors is to use their judgment and expertise in a manner that reflects the best interest of the Company and its stockholders while acting as advisors to executive management in carrying out the Company's business activities.

Ethics, conflicts of interest and confidentiality: The Board expects its members to carry out their responsibilities ethically and with integrity and to adhere to those sections of the Company's Code of Business Conduct and Ethics (the "Code") that apply to each of them as directors and to certain of them as employees at all times. Waivers of the Code for all members of the Board, including executive officers of the Company and independent directors, and for senior financial officers, while not anticipated, may only be granted by the full Board and will be publicly disclosed as required by law or NYSE regulations. As discussed in the Code, directors should avoid situations that create conflicts of interest related to their Board responsibilities and should maintain strict confidentiality regarding the meetings and activities of the Board and its committees. The Code includes, among other things, the Company's policy that members of the Board cannot receive, directly or indirectly, credit in the form of a personal loan from the Company. Directors should promptly notify the Chairman of the Board or the Chairman of the Nominating and Governance Committee if an actual or potential conflict of interest arises. The director should resign if the conflict cannot be resolved.

Preparation for and attendance at meetings: Directors are expected to attend each Board meeting and each meeting of any Committee on which they serve, either in person or by telephone or video conference. They are expected to review in advance all materials provided to them regarding the meetings and to be prepared to participate in discussions about those materials. Directors are also expected to attend the annual meeting of the Company's stockholders.

Succession planning: The Board is responsible for establishing principles for CEO succession both in the ordinary course of business and in the event of emergency or the retirement of the CEO. The CEO will annually provide to the Board a report on succession planning along with a recommendation for a successor in the event of an emergency.

Evaluation of the Chief Executive Officer: The Board has delegated the responsibility of annually evaluating the performance of the CEO to its Compensation Committee, which shall use the results of its evaluation in determining the CEO's compensation. The Compensation Committee will provide the CEO with a report on its evaluation.

Review of strategic, operating and financial plans: The Board will annually review the Company's plans for the upcoming year, which should address financial, strategic, and operating issues, and will regularly monitor the Company's performance as compared to the goals established in those plans.

Determination of director compensation: The Compensation Committee of the Board is responsible for recommending a compensation policy for non-management directors to the full Board at least annually after evaluating the Company's director compensation practices in relation to other companies of comparable size and within the industry. In making that recommendation, the Compensation Committee should keep in mind that the independence of those directors may be impaired if their compensation exceeds customary levels. The Compensation Committee should also be aware that the independence of directors could be questioned if substantial charitable contributions are made to organizations with which a director is affiliated or if the Company

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enters into consulting contracts with, or provides other indirect compensation to, a director. The Compensation Committee should critically evaluate each of these matters when determining the form and amount of director compensation.

Assessment of the Board's performance: The Nominating and Governance Committee will solicit input from the full Board and conduct annual reviews of the effectiveness of the operation of the Board and its Committees. The Chairman of the Nominating and Governance Committee will report on the results of these annual evaluations to the full Board.

DIRECTOR DEVELOPMENT

Orientation of new directors: New directors will be provided with sufficient historical and current information about the Company's business activities to ensure that they are prepared to fulfill their responsibilities. They will also meet with senior management to familiarize themselves with the management team and the Company's strategic, operating, and financial plans, and will be provided with copies of the Company's Code of Business Conduct and Ethics for Directors, Officers, and Employees and these Corporate Governance Guidelines to ensure they are aware of the Company's expectations and their specific responsibilities.

Continuing education of directors: The Board and Company's management will continually educate the directors during its regular meetings about the Company's operations. The Board also will provide access to continuing education for non-management directors, as requested by such directors in order to enable them to fulfill their responsibilities. The Nominating and Governance Committee will periodically review and make recommendations to the full Board regarding director orientation and continuing education as it deems appropriate.

BOARD OPERATION

Scheduling meetings: Regular meetings of the Board are generally held each quarter and may also be held at other times as necessary. The Company's By-Laws also state that special meetings of the Board may be called by the Chairman, the President, or the Secretary, and shall be called by any of them on the written request of any two directors.

Meeting agenda and materials: The Vice President/Chief Financial Officer, under the direction of the CEO, will prepare an agenda for each Board meeting and distribute it to the Board members and anyone else invited to attend the meeting in sufficient time for review prior to the meeting. The agenda should be accompanied by any materials necessary for those individuals to prepare for a discussion of the agenda items.

Executive sessions of non-management directors: The non-management members of the Board will meet at least quarterly each year in executive session with the responsibility of presiding director at these meetings rotating among each of the attendees quarterly.

Access to the Company's management and outside advisors: Board members shall have complete, free and independent access to the Company's senior management and its outside legal, financial, accounting or other advisors. Any director may arrange such contact directly or through the CEO and is expected to use appropriate judgment to ensure that any such communication is not disruptive to the Company's business activities. To the extent appropriate, Board members will copy the CEO on any written communications with the Company's management.

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The Board and its committees also have the power to retain independent advisors as needed to fulfill their responsibilities without first obtaining approval from any officer of the Company. Specifically, the Audit Committee has the authority to retain independent legal, accounting, or other advisors; the Nominating and Governance Committee has the authority to retain any search firm to be used to identify director candidates; and the Compensation Committee has the authority to retain any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation.

BOARD COMMITTEES

Delegation to committees: If permitted by applicable law, SEC rules and NYSE listing standards, the Board may designate one or more committees, each to consist of two or more directors, to carry out designated Board responsibilities.

Number and type of committees: The Board currently has, and will at all times have, at least the following committees: Audit, Compensation and Nominating and Governance.

Composition of and assignment to committees: The Nominating and Governance Committee is responsible for evaluating and recommending to the full Board the number and accountability of Board committees and committee assignments and membership. Each of the three existing committees is, and shall always be, comprised solely of “independent directors” as defined by the SEC and NYSE.

Committee responsibilities: Each committee has adopted a charter approved by the full Board that defines specific responsibilities. The committee members are expected to fulfill those responsibilities, and each committee will annually review its respective charter and recommend changes to the Board if necessary. In addition, each committee will conduct an annual evaluation of its own performance in consultation with the Nominating and Governance Committee.

Committee meetings: The committees shall meet as often as each determines necessary, but the Audit Committee shall meet at least quarterly, and the Nominating and Governance and the Compensation Committees shall meet at least annually. The appropriate members of the Company’s management will prepare an agenda for each Committee meeting, as necessary, which will be provided to the committee chairperson and each of the members, along with the materials necessary to prepare for discussion of the agenda items, in advance of the meeting. The chairperson of each of the committees shall report to the full Board after each committee meeting.

STOCKHOLDER COMMUNICATIONS WITH DIRECTORS

A stockholder may communicate directly with the Board of Directors (or any individual director) by writing to the Chairman of the Board of Directors of International Shipholding Corporation, c/o 11 North Water Street, Suite 18290, Mobile, Alabama 36602. The Chairman will forward the stockholder’s communication to the appropriate director or officer for response.

Stockholders and other interested parties who wish to communicate directly with the non-management members of the Board of Directors as a group should direct their correspondence to: International Shipholding Corporation, Attn: Non-Management Members of the Board of Directors (c/o Director of Internal Audit), 11 North Water Street, Suite 18290, Mobile, Alabama 36602.

The Director of Internal Audit will not share such communications or their subject matter with the Company’s management and will provide all such communications to the non-management director who will preside at the next scheduled executive session of non-management directors, prior to that meeting.