

INTERNATIONAL SHIPHOLDING CORPORATION REPORTS THIRD QUARTER 2011 RESULTS

DECLARES THIRD QUARTER DIVIDEND OF \$0.375 PER SHARE

Mobile, Alabama, October 26, 2011 - International Shipholding Corporation (NYSE: ISH) today announced the financial results for the quarter ended September 30, 2011.

Third Quarter 2011

- Generated net income of \$2.9 million for the three months ended September 30, 2011
- Awarded time charter contract with the Military Sealift Command to transport supplies for one year with options for up to an additional three years and 11 months

Net Income

The Company reported Net Income of \$2.9 million for the three months ended September 30, 2011. For the comparable three months ended September 30, 2010, the Company reported a loss of \$13.8 million which included a \$25.4 million non-cash impairment charge relating to the rail ferry service.

Mr. Niels M. Johnsen, chairman and chief executive officer, stated, "In the third quarter we were awarded a new time charter contract to transport supplies for the Military Sealift Command which increases our contracted revenue stream and demonstrates our ability to maintain long-standing customer relationships. This Military Sealift Command time charter contract will be performed by a newly acquired 2000-built multi-purpose ice strengthened vessel which is being reflagged to United States Flag.

"As we work to expand our fleet and develop new growth opportunities, we remain committed to providing our shareholders with a return through our dividend policy. Our Board declared a third quarter payment of \$0.375 per share, this makes a total of \$5.625 per share in dividends declared since reinstating our dividend policy in the fourth quarter of 2008."

Operating Income

In spite of continued challenges in world transportation markets, the Company's Gross Voyage Profit, representing the operating results of its five segments, excluding the \$25.4 non-cash impairment charge, decreased from \$19.6 million to \$13.4 million year-over-year. The lower results are attributable to reduced supplemental cargo volumes, fewer operating days on the U.S. Flag Coal Carrier, and lower results from the Rail Ferry service. The U.S. Flag Coal Carrier had a third party commercial voyage in the third quarter of 2010 in addition to her normal operations under her time charter. The Rail Ferry experienced an extraordinary, one-time increase in northbound cargo volumes in 2010 due to storm-related track outages. During the 2011 third quarter the Rail Ferry segment operated at 76% of capacity, a level that is generating our expected results. The Company's U.S. Flag Time Charter segment, excluding the supplemental cargoes and Coal Carrier, had slightly lower results owing to a reduced number of full operating days of its vessels under contract to the Military Sealift Command. The International Time Charter segment results were higher compared to the prior year period as the three Handysize vessels and the Capesize vessel generated satisfactory results. Results from the Company's Contract of Affreightment segment as well as its Other segment were comparable to the year ago period. Administrative and General Expenses during the third quarter of 2011 were slightly below the 2010 third quarter levels.

Interest and Other Expense

Interest expense for the three months ended September 30, 2011, increased from the comparable period in 2010. This increase is a product of the purchase of its two previously leased PCTC vessels and the additional debt on the purchase of the three Handysize Bulk Carriers placed in service earlier in 2011. During the quarter the Japanese Yen continued to strengthen versus the

U.S. dollar creating a non-cash charge of \$2.7 million. The Yen was pegged at 77.04 to \$1 USD as of the end of the third quarter.

Federal Income Tax Benefit

The Company's third quarter income tax provision was \$150,000 as compared to a benefit of \$51,000 for 2010 third quarter. As the Company has no deferred tax liability balance, any losses from its on-going operations require valuation allowances which effectively eliminate the tax benefits generated in the quarter.

Balance Sheet

The Company's working capital at September 30, 2011, was approximately \$11.9 million, a reduction of approximately \$20 million from June 30, 2011. Cash, Cash Equivalents and Marketable Securities were approximately \$31 million at the end of the quarter.

The equity portion of the acquisition financing of the two car carriers previously leased caused the drop in working capital. The Company generated approximately \$10.9 million in cash from its operating activities while paying debt service of approximately \$8.4 million during the quarter.

Dividend Declaration

The Company's Board of Directors authorized the payment of a \$0.375 dividend for each share of common stock owned on the record date of November 16, 2011, payable on December 1, 2011. The Company intends to continue to declare quarterly dividends. All future dividend declarations and amounts remain subject to the discretion of International Shipholding Corporation's Board of Directors.

Conference Call

In connection with this earnings release, management will host an earnings conference call on Thursday, October 27, 2011 at 10:00 AM ET. To participate in the conference call, please dial (888) 312-3046 (domestic) or (719) 325-2109 (international). Participants can reference the International Shipholding Corporation Third Quarter 2011 Earnings Call or passcode 5271974. Please dial in approximately 5 minutes prior to the call.

The conference call will also be available via a live listen-only webcast and can be accessed through the Investor Relations section of the Company's website, www.intship.com. Please allow extra time prior to the call to visit the Company's website and download any software that may be needed to listen to the webcast.

A replay of the conference call will be available through November 3, 2011, at (877) 870-5176 (domestic) or (858) 384-5517 (international). The passcode for the replay is 5271974.

About International Shipholding Corporation

International Shipholding Corporation, through its subsidiaries, operates a diversified fleet of U. S. and foreign flag vessels that provide international and domestic maritime transportation services to commercial and governmental customers primarily under medium to long-term charters and contracts.

Caution concerning forward-looking statements

This press release contains forward-looking statements within the meaning of the U.S. federal securities laws. These forward-looking statements are based on assumptions and opinions concerning a variety of known and unknown risks. Please refer to ISH's Annual Report on form 10-K for the year ended December 31, 2010 as well as its future filings and reports filed with or furnished to the Securities and Exchange Commission for a description of the business environment in which ISH operates and the important factors, risks and uncertainties that may

affect its business and financial results. If any assumptions or opinions prove materially incorrect, any forward-looking statements made on that basis may also prove to be materially incorrect. ISH is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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INTERNATIONAL SHIPHOLDING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(All Amounts in Thousands Except Share Data)

(Unaudited)

| | Three Months Ended September 30, | | Nine Months ended September 30, | |
|---|----------------------------------|--------------------|---------------------------------|-----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Revenues | \$ 67,087 | \$ 74,400 | \$ 201,382 | \$ 232,398 |
| Operating Expenses: | | | | |
| Voyage Expenses | 46,911 | 49,925 | 147,715 | 166,381 |
| Vessel Depreciation | 6,775 | 4,923 | 18,244 | 13,671 |
| Impairment Loss | - | 25,430 | - | 25,430 |
| Administrative and General Expenses | 4,769 | 4,844 | 16,053 | 16,278 |
| Gain on Dry Bulk Transaction | - | - | (18,844) | - |
| Loss (Gain) on Sale of Other Assets | - | 29 | - | (46) |
| Total Operating Expenses | <u>58,455</u> | <u>85,151</u> | <u>163,168</u> | <u>221,714</u> |
| Operating Income (Loss) | <u>8,633</u> | <u>(10,751)</u> | <u>38,215</u> | <u>10,684</u> |
| Interest and Other: | | | | |
| Interest Expense | 2,850 | 1,745 | 7,470 | 5,549 |
| Derivative Loss | 124 | 172 | 109 | 400 |
| Gain on Sale of Investment | (67) | - | (181) | (16) |
| Other Income from Vessel Financing | (654) | (577) | (2,014) | (1,771) |
| Investment (Income) | (137) | (303) | (522) | (1,469) |
| Foreign Exchange Loss | 2,664 | 3,396 | 3,075 | 6,544 |
| | <u>4,780</u> | <u>4,433</u> | <u>7,937</u> | <u>9,237</u> |
| Income Before Provision (Benefit) for Income Taxes and Equity in Net Income of Unconsolidated Entities | <u>3,853</u> | <u>(15,184)</u> | <u>30,278</u> | <u>1,447</u> |
| Provision (Benefit) for Income Taxes: | | | | |
| Current | 150 | 173 | 518 | 496 |
| Deferred | - | (224) | - | (1,189) |
| State | - | - | 13 | - |
| | <u>150</u> | <u>(51)</u> | <u>531</u> | <u>(693)</u> |
| Equity in Net (Loss) Income of Unconsolidated Entities (Net of Applicable Taxes) | <u>(852)</u> | <u>1,310</u> | <u>22</u> | <u>4,221</u> |
| Net Income (Loss) | <u>\$ 2,850</u> | <u>\$ (13,823)</u> | <u>\$ 29,768</u> | <u>\$ 6,361</u> |
| Basic and Diluted Earnings Per Common Share: | | | | |
| Continuing Operations | <u>\$ 0.40</u> | <u>\$ (1.95)</u> | <u>\$ 4.18</u> | <u>\$ 0.89</u> |
| Basic Earnings Per Common Share: | <u>\$ 0.40</u> | <u>\$ (1.95)</u> | <u>\$ 4.18</u> | <u>\$ 0.89</u> |
| Continuing Operations | <u>\$ 0.40</u> | <u>\$ (1.95)</u> | <u>\$ 4.15</u> | <u>\$ 0.88</u> |
| Diluted Earnings Per Common Share: | <u>\$ 0.40</u> | <u>\$ (1.95)</u> | <u>\$ 4.15</u> | <u>\$ 0.88</u> |
| Weighted Average Shares of Common Stock Outstanding: | | | | |
| Basic | 7,140,752 | 7,075,659 | 7,128,810 | 7,186,335 |
| Diluted | 7,190,082 | 7,075,659 | 7,165,298 | 7,252,888 |
| Dividends Per Share | \$ 0.375 | \$ 0.375 | \$ 1.125 | \$ 1.250 |

INTERNATIONAL SHIPHOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS

(All Amounts in Thousands)

(Unaudited)

| ASSETS | September 30, 2011 | December 31, 2010 |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 16,646 | \$ 24,158 |
| Restricted Cash | 6,175 | - |
| Marketable Securities | 8,525 | 11,527 |
| Accounts Receivable, Net of Allowance for Doubtful Accounts of \$342 and \$311 in 2011 and 2010: | 19,044 | 16,474 |
| Federal Income Taxes Receivable | 22 | 242 |
| Net Investment in Direct Financing Leases | 6,104 | 5,596 |
| Other Current Assets | 3,893 | 2,513 |
| Notes Receivable | 4,248 | 4,248 |
| Material and Supplies Inventory, at Lower of Cost or Market | 4,945 | 3,774 |
| Total Current Assets | <u>69,591</u> | <u>68,532</u> |
| Investment in Unconsolidated Entities | <u>14,452</u> | <u>27,261</u> |
| Net Investment in Direct Financing Leases | <u>45,462</u> | <u>50,102</u> |
| Vessels, Property, and Other Equipment, at Cost: | | |
| Vessels | 561,219 | 365,797 |
| Leasehold Improvements | 26,128 | 26,128 |
| Construction in Progress | 13,812 | 78,355 |
| Furniture and Equipment | 9,367 | 7,863 |
| | <u>610,526</u> | <u>478,143</u> |
| Less - Accumulated Depreciation | <u>(163,976)</u> | <u>(143,667)</u> |
| | <u>446,550</u> | <u>334,476</u> |
| Other Assets: | | |
| Deferred Charges, Net of Accumulated Amortization of \$15,628 and \$14,525 in 2011 and 2010, Respectively | 16,013 | 14,482 |
| Intangible Assets, Net | 3,863 | - |
| Due from Related Parties | 3,837 | 4,124 |
| Notes Receivable | 36,956 | 40,142 |
| Other | 4,980 | 5,004 |
| | <u>65,649</u> | <u>63,752</u> |
| | <u>\$ 641,715</u> | <u>\$ 544,123</u> |

INTERNATIONAL SHIPHOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS

(All Amounts in Thousands)

(Unaudited)

| | <u>September 30,</u> <u>2011</u> | <u>December 31,</u> <u>2010</u> |
|---|-------------------------------------|------------------------------------|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current Maturities of Long-Term Debt | \$ 35,111 | \$ 21,324 |
| Accounts Payable and Accrued Liabilities | <u>22,628</u> | <u>32,114</u> |
| Total Current Liabilities | <u>57,739</u> | <u>53,438</u> |
| Long-Term Debt, Less Current Maturities | <u>264,314</u> | <u>200,241</u> |
| Other Long-Term Liabilities: | | |
| Deferred Income Taxes | 135 | - |
| Lease Incentive Obligation | 6,675 | 7,022 |
| Other | <u>57,544</u> | <u>49,672</u> |
| TOTAL LIABILITIES | <u>386,407</u> | <u>310,373</u> |
| Stockholders' Equity: | | |
| Common Stock | 8,590 | 8,564 |
| Additional Paid-In Capital | 85,449 | 84,846 |
| Retained Earnings | 205,006 | 183,541 |
| Treasury Stock | (25,403) | (25,403) |
| Accumulated Other Comprehensive (Loss) | <u>(18,334)</u> | <u>(17,798)</u> |
| TOTAL STOCKHOLDERS' EQUITY | <u>255,308</u> | <u>233,750</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 641,715</u> | <u>\$ 544,123</u> |

INTERNATIONAL SHIPHOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(All Amounts in Thousands)

Nine Months Ended September 30,

| | 2011 | 2010 |
|---|------------------|------------------|
| Cash Flows from Operating Activities: | | |
| Net Income | \$ 29,768 | \$ 6,361 |
| Adjustments to Reconcile Net Income to Net Cash Provided by | | |
| Operating Activities: | | |
| Depreciation | 18,988 | 14,400 |
| Amortization of Deferred Charges and Other Assets | 6,438 | 7,095 |
| Deferred Benefit for Income Taxes | - | (1,189) |
| Gain on Acquisition | (18,844) | - |
| Impairment Loss | - | 25,430 |
| Non-Cash Stock Based Compensation | 1,404 | 1,926 |
| Equity in Net Income of Unconsolidated Entities | (22) | (4,221) |
| Distributions from Unconsolidated Entities | 750 | 2,250 |
| Gain on Sale of Assets | - | (46) |
| Gain on Sale of Investments | (181) | (16) |
| Loss on Foreign Currency Exchange | 3,075 | 6,544 |
| Changes in: | | |
| Deferred Drydocking Charges | (5,370) | (765) |
| Accounts Receivable | (2,570) | (2,474) |
| Inventories and Other Current Assets | (1,129) | (12) |
| Other Assets | 25 | 640 |
| Accounts Payable and Accrued Liabilities | (2,190) | (5,074) |
| Other Long-Term Liabilities | (174) | (314) |
| Net Cash Provided by Operating Activities | 29,968 | 50,535 |
| Cash Flows from Investing Activities: | | |
| Principal payments received under Direct Financing Leases | 4,131 | 4,213 |
| Capital Improvements to Vessels and Other Assets | (82,199) | (80,065) |
| Proceeds from Sale of Assets | - | 3,853 |
| Purchase of Marketable Securities | (79) | (8,806) |
| Proceeds from Sale of Marketable Securities | 2,523 | 598 |
| Investment in Unconsolidated Entities | (2,046) | (3,334) |
| Acquisition of Unconsolidated Entity | 7,092 | - |
| Net Increase in Restricted Cash Account | (6,175) | - |
| Proceeds from Note Receivables | 3,101 | 4,422 |
| Net Cash Used In Investing Activities | (73,651) | (79,119) |
| Cash Flows from Financing Activities: | | |
| Common Stock Repurchase | - | (5,231) |
| Proceeds from Issuance of Debt | 103,979 | 132,185 |
| Repayment of Debt | (57,748) | (103,094) |
| Additions to Deferred Financing Charges | (1,757) | (1,103) |
| Common Stock Dividends Paid | (8,303) | (9,228) |
| Net Cash Provided by Financing Activities | 36,171 | 13,529 |
| Net Increase in Cash and Cash Equivalents | (7,512) | (15,055) |
| Cash and Cash Equivalents at Beginning of Period | 24,158 | 47,468 |
| Cash and Cash Equivalents at End of Period | \$ 16,646 | \$ 32,413 |