



FOR IMMEDIATE RELEASE

**Alabama State Port Authority Announces New Service
CG Railway Resumes Rail Shipments
Between Mobile & Coatzacoalcos, Mexico**

Mobile, Ala. - June 27, 2006 (2:00 p.m. CDT.) The Alabama State Port Authority has approved an agreement with International Shipholding Corporation to develop a new rail ferry terminal at the Port of Mobile. The proposed terminal, which will dock CG Railway's ships, will be located on the main port complex just north of the Authority's Pier E terminal on the Mobile River.

Governor Bob Riley of Alabama announced the new service earlier today and praised the project as key to Alabama's continued economic growth. "We're going to begin this project immediately because it's important to the continued growth of our port and the continued growth of Alabama's economy," Riley said.

The Authority's Board of Directors approved the estimated \$19 million dollar project following Governor Riley's announcement that International Shipholding Corporation would locate its corporate headquarters to Mobile, bringing an estimated 150 jobs. Construction on the new terminal begins immediately with first vessel call expected in early 2007. The Authority's Terminal Railway division will handle the loading and unloading of rail cars to CG Railway's ships.

"Mobile and the CG Railway service are the perfect fit," said James K. Lyons, Director and CEO of the Alabama State Port Authority. "The company plans to double the capacity of its ships and the Port's regional cargoes can fill that capacity. We've known the company and her employees for many years and we are proud to welcome them to our port community."

The new rail ferry terminal will be the first of its kind with a twin deck design that will have the ability to load two ship decks via four ramps to the lower deck and six ramps to the upper deck. The cut-in slip will measure about 400 feet in length and will have about 4000 feet of rail track laid behind the slip. The design will encapsulate International Shipholding's vessels. The company is currently modifying its vessels, THE BALI SEA and THE BANDA SEA, by installing second decks to increase ship capacity to 122 standard rail cars. Currently, these ships can haul 60 standard rail cars per voyage.

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Established in March of 2000, CG Railway is a Short Line railroad that connects the railways of Southern Mexico to the railways serving the United States and Canada. The service when operational will provide 4-day rail service between Mobile and Coatzacoalcos, Mexico. The Alabama State Port Authority's terminals are served by 5 Class 1 railroads, which can provide shippers and manufacturers with cost effective transportation solutions to and from Mexico."

About International Shipholding Corporation

International Shipholding Corporation, through its subsidiaries, is engaged in various types of waterborne freight transportation including LASH (Lighter Aboard SHip) carriage, pure car/truck carrier services, roll-on/roll-off, breakbulk and bulk carrier services, domestic coastwise services, and rail-ferry transportation services. International Shipholding Corporation is a leader in water transportation, providing unique solutions to the needs of a diversified customer base with emphasis on medium to long-term contracts and charters.

Its principal subsidiaries are **Central Gulf Lines, Inc., Waterman Steamship Corporation, LCI Shipholdings, Inc.**, (including LASH Transatlantic service doing business as **Forest Lines**), **LMS Shipmanagement, Inc., and CG Railway, Inc.** These subsidiaries, together with other subsidiaries and companies in which the company has invested, operate a fleet of ocean-going vessels, LASH barges and related shoreside handling facilities. As of December 31, 2005, International Shipholding Corporation's fleet includes 40 vessels and 850 barges. Information on shipping and sailing schedules is available at the CG Railway, Inc., Forest Lines, and Waterman Steamship Corporation websites at (www.intship.com).

International Shipholding Corporation currently has offices in New York and New Orleans and maintains a network of marketing agents in major cities worldwide. The company's common stock is traded on the New York Stock Exchange (NYSE: ISH).

About Alabama State Port Authority

Alabama State Port Authority owns and operates the State of Alabama's full services public seaport. The Authority's transportation assets and deepwater terminals are served by 5 Class 1 railroads, 2 interstates (I-10 & I-65), and air cargo terminal and immediate access to intracoastal and inland waterways. The Alabama State Port Authority's public seaport terminals offer modern wharves, warehouses and port services for general cargo, container, bulk, and oversized cargoes to and from worldwide destinations. The Authority, in Fiscal Year 2005, reported over \$85 million in revenues and employs nearly 600 team members.

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