Third Quarter 2009 - American Shipping Company Continues to Pursue Settlement

OSLO (October 21, 2009) – As announced last month, American Shipping Company ASA ("AMSC" or the "Company") entered into a new nonbinding settlement proposal with Overseas Shipholding Group Inc. ("OSG") and Aker Philadelphia Shipyard ("APSI") to settle all of the commercial disagreements between the companies and to address liquidity issues currently facing the Company. We are pleased to report that progress continues to be made in this effort. Assuming a settlement is approved and signed by all parties, AMSC's near term liquidity issues will be addressed. For more information, please see "Risks" section below.

AMSC's current fleet of seven vessels, all under bareboat charter contracts to OSG America, L.P., continues to perform well under time charters to Shell, BP and Tesoro. The Jones Act product tanker market remains challenging; facing a surplus of older tonnage on the supply side and still suffering from the effects of the reduction in demand for refined petroleum products as a result of the prolonged economic downturn. These market and economic headwinds, coupled with inflationary pressures on vessel operating costs, will continue to make it very difficult to generate profit sharing under our bareboat charters for the foreseeable future.

AMSC's operating revenues for Q3 2009 and the nine months ended September 30, 2009 were USD 15.0 million and USD 39.3 million, respectively, compared to USD 8.6 million in Q3 2008 and USD 22.9 million for the nine months ended September 30, 2008. This increase in revenue reflects the bareboat charter hire of two additional vessels delivered in 2009. EBITDA was USD 13.9 million in the third quarter 2009 compared to USD 7.3 million in the third quarter 2008. EBITDA for the nine months ended September 30, 2009 and 2008 was USD 35.3 million and USD 19.4 million, respectively.

Operating expenses were USD 1.1 million in Q3 2009 and USD 4.0 million for the nine months ended September 30, 2009, compared to USD 1.3 million Q3 2008 and USD 3.5 million for the nine months ended September 30, 2008. The increase, on a year-to-date basis, from 2008 primarily relates to outside legal and consulting costs in connection with the arbitration and settlement negotiations associated with various commercial disputes with Overseas Shipholding Group, Inc. and OSG America L.P. (collectively "OSG"). EBIT was USD 6.2 million in Q3 2009 compared to USD 2.8 million in Q3 2008. EBIT for the nine months ended September 30, 2009 and 2008 was USD 15.0 million and USD 7.4 million, respectively.

Net financial items (excluding unrealized gains or losses on interest swaps) were negative USD 15.0 million in Q3 2009 and negative USD 35.5 million for the nine months ended September 30, 2009, consisting of net interest expense (interest expense less interest income and capitalized interest) of negative USD 10.5 million for Q3 2009 (negative USD 28.3 million for the nine months ended September 30, 2009), and a net foreign exchange loss of USD 4.5 million in Q3 2009 (negative USD 7.2 million for the nine months ended September 30, 2009). Net financial items (excluding unrealized gains or losses on interest swaps) in Q3 2008 and for the nine months ended September 30, 2008 were negative USD 4.8 million and negative USD 14.4 million, respectively. The net interest expense for Q3 2008 and the nine months ended September 30, 2008 were negative USD 6.4 million and negative USD 16.5 million, respectively. The net foreign exchange impact was positive USD 1.6 million for Q3 2008 and positive USD 2.1 million for the nine months ended September 30, 2008. Capitalization of interest is related to the financing of progress payments on ships in construction.

In addition, in Q3 2009, AMSC incurred an unrealized loss of USD 9.7 million related to the mark-to-market valuation of its interest rate swap contracts on its vessel financing. Both the current quarter unrealized loss and the year-to-date unrealized gain of USD 17.7 million on the mark-to-market of its interest rate swaps had no cash impact on AMSC. The corresponding Q3 and year-to-date amounts for 2008 were an unrealized loss of USD 8.3 million and USD 8.0 million, respectively, and also had no cash impact on AMSC.

Net loss for the third quarter of 2009 was USD 18.5 million versus negative USD 10.4 million in the third quarter of 2008. For the nine months ended September 30, 2009 and 2008, net losses were USD 2.9 million and negative USD 15.2 million, respectively.

INCOME STATEMENT

Amounts in USD million (except share and per share information)	Q3 2009 (unaudited)	Q3 2008	Year to date 2009	Year to date 2008
Operating revenues	15.0	8.6	39.3	22.9
EBITDA	**13.9**	**7.3**	**35.3**	**19.4**
Operating profit - EBIT	6.2	2.8	15.0	7.4
Net Financial items	(15.0)	(4.8)	(35.5)	(14.4)
Unrealized gain/(loss) on interest swaps	(9.7)	(8.3)	17.7	(8.0)
Profit before tax	(18.5)	(10.3)	(2.8)	(15.0)
Profit/(loss) for the period *	**(18.5)**	**(10.4)**	**(2.9)**	**(15.2)**
Average number of common shares	27,600,000	27,600,000	27,600,000	27,600,000
Basic and diluted earnings per share (USD)	**(0.67)**	**(0.38)**	**(0.10)**	**(0.55)**

*** Applicable to common stockholders of the parent company.**

STATEMENT OF FINANCIAL POSITION

Amounts in USD million	*unaudited* 30-Sep 2009	31-Dec 2008
Property, plant & equipment	714.2	520.8
Interest-bearing long term receivables	6.5	6.3
Other non current assets	103.8	93.0
Inventories, trade and other receivables	1.1	22.2
Cash and cash equivalents	29.4	71.8
Total assets	**855.0**	**714.1**
Total equity	77.2	101.0
Interest-bearing long term debt	687.5	-
Interest-bearing short term debt	-	504.4
Tax payable and trade and other payables	90.3	108.7
Total equity and liabilities	**855.0**	**714.1**

Interest bearing debt as of September 30, 2009 was USD 687.5 million, net of USD 19.9 million in capitalized fees versus USD 504.4 million as of December 31, 2008. This debt relates to the financing on the first seven vessels as well as the NOK 700 million bonds issued in February 2007. The increase is primarily due to taking delivery of our sixth and seventh vessels in 2009. (The Company's debt as of December 31, 2008 was classified as current due to having less than the required minimum equity per its bond equity covenant. Changes were made to the Company's bond agreement (specifically, the equity covenant) earlier this year and its debt has been reclassed back to long-term.)

Other non-current assets include prepayments to APSI. Other current receivables decreased due to the calling of a USD 20 million note receivable, plus interest, from AMSC's former parent company (Aker ASA). In conjunction with calling the note, a company subsidiary redeemed all if its preferred shares outstanding at par (total USD 20 million) plus a dividend (on the income and surplus capital in the subsidiary) in accordance with the redemption agreement. Tax payable, trade and other payables include the negative mark-to-market valuation of the interest swaps of USD 82.9 million as of September 30, 2009, and USD 100.6 million as of December 31, 2008, as well as other accrued costs and liabilities.

Outlook

Despite the difficult market conditions that exist today, we remain confident in the long term prospects for the Jones Act product tanker market. Our view continues to be that over time the supply/demand picture will improve and this will pave the way for a strengthening of freight rates.

Definitions

Jones Act - The U.S. coastwise laws, referred to as Jones Act, require all commercial vessels operating between U.S. ports to be built, owned, operated and manned by U.S. citizens and to be registered under the U.S. flag. In 1996 certain amendments were enacted to the U.S. vessel documentations laws, allowing increased non-U.S. participation in the ownership of vessels operating in the Jones Act trade under certain conditions.

Risks

The principle risks facing AMSC relate to the construction and on-time delivery of the vessels, the operating performance of OSG, credit risk and an overall market risk.

AMSC's activities also expose it to a variety of other financial risks, including currency risk, interest rate risk, price risk due to material escalation and liquidity risk.

AMSC has limited counterparty risk with its bareboat charters to OSG, who in turn time charters the vessels to major oil companies.

As noted earlier and in our 2008 Annual Report, AMSC is subject to a variety of financial risks, including credit risk. AMSC has not yet been able to arrange financing for the two shuttle tankers. We continue to seek financing for these vessels. In the event that we are unable to raise the required equity and debt financing in a timely manner, AMSC will be subject to delays or cancellations in the construction of those vessels as APSI's construction financing is dependent on AMSC's ability to obtain take-out financing.

With respect to the nonbinding settlement proposal discussed earlier, although progress continues to be made toward finalization of definitive agreements, there can be no assurance that this will be accomplished. Absent an agreement, AMSC will need to raise additional debt or equity financing in the near term in order to meet the required liquidity needs of the business.

Failure to raise additional capital is likely to have a materially adverse impact on AMSC's financial position and operations.

For further details of AMSC's risks, refer to the 2008 Annual Report.

Oslo, October 21, 2009
The Board of Directors and Managing Director
American Shipping Company ASA

Robert N. Caruso Chairman	Annette Malm Justad Director	John Rose Director
Mavis R. Hawkes Director	Dag Fasmer Wittusen Director	Robert Kurz President/CEO

American Shipping Company ASA Group

INCOME STATEMENT

Amounts in USD million (except share and per share information)	Q3 2009 *unaudited*	Q3 2008 *unaudited*	Year to date 2009 *unaudited*	Year to date 2008 *unaudited*
Operating revenues	15.0	8.6	39.3	22.9
Operating expenses	(1.1)	(1.3)	(4.0)	(3.5)
Operating profit before depreciation	**13.9**	**7.3**	**35.3**	**19.4**
Depreciation	(7.7)	(4.5)	(20.3)	(12.0)
Operating profit	**6.2**	**2.8**	**15.0**	**7.4**
Net financial items	(15.0)	(4.8)	(35.5)	(14.4)
Unrealized gain/(loss) on interest swaps	(9.7)	(8.3)	17.7	(8.0)
Profit before tax	**(18.5)**	**(10.3)**	**(2.8)**	**(15.0)**
Tax expense	-	(0.1)	(0.1)	(0.2)
Profit/(loss) for the period *	**(18.5)**	**(10.4)**	**(2.9)**	**(15.2)**
Average number of common shares	27,600,000	27,600,000	27,600,000	27,600,000
Basic and diluted earnings per share (USD)	**(0.67)**	**(0.38)**	**(0.10)**	**(0.55)**

*** Applicable to common stockholders of the parent company.**

STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

Amounts in USD million	Q3 2009 *unaudited*	Q3 2008 *unaudited*	Year to date 2009 *unaudited*	Year to date 2008 *unaudited*
Net income for the period	(18.5)	(10.4)	(2.9)	(15.2)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	**(18.5)**	**(10.4)**	**(2.9)**	**(15.2)**

STATEMENT OF FINANCIAL POSITION

Amounts in USD million	30-Sep 2009 *unaudited*	31-Dec 2008
Assets		
Non-current assets		
Property, plant & equipment	714.2	520.8
Interest-bearing long term receivables	6.5	6.3
Prepayments	103.8	93.0
Total non-current assets	**824.5**	**620.1**
Current assets		
Trade and other receivables	1.1	22.2
Cash and cash equivalents	29.4	71.8
Total current assets	**30.5**	**94.0**
Total assets	**855.0**	**714.1**
Equity and liabilities		
Total equity	**77.2**	**101.0**
Non-current liabilities		
Bond payable	154.0	-
Other interest-bearing loans	553.4	-
Capitalized fees	(19.9)	-
Total non-current liabilities	**687.5**	**-**
Current liabilities		
Interest-bearing short-term debt	-	504.4
Tax payable and trade and other payables	90.3	108.7
Total current liabilities	**90.3**	**613.1**
Total liabilities	**777.8**	**613.1**
Total equity and liabilities	**855.0**	**714.1**

STATEMENT OF CHANGES IN TOTAL EQUITY

Amounts in USD million	Year to date 2009 *unaudited*	Year to date 2008 *unaudited*
Equity related to the equity holders of the parent company as of beginning of period	81.0	155.8
Total comprehensive income for the period	(2.9)	(15.2)
Dividends paid from a subsidiary	(0.9)	-
Equity related to the equity holders of the parent company as of end of period	**77.2**	**140.6**
Preferred shares in subsidiary as of beginning of period	20.0	-
Preferred stock issued / (redeemed)	(20.0)	20.0
Total equity as of end of period	**77.2**	**160.6**

CASH FLOW STATEMENT

Amounts in USD million	Year to date 2009 *unaudited*	Year to date 2008 *unaudited*
Net cash flow from operating activities	29.5	4.2
Net cash flow from investing activities	(198.0)	(221.3)
Net cash flow from financing activities	125.7	173.1
Net change in cash and cash equivalents	**(42.8)**	**(44.0)**
Effects of changes in exchange rates on cash	0.4	(2.0)
Cash and cash equivalents at the beginning of period	71.8	151.9
Cash and cash equivalents at end of period	**29.4**	**105.9**

Notes to the unaudited condensed consolidated interim financial statements for the 1st nine months of 2009

1. Introduction - American Shipping Company

American Shipping Company ASA ("AMSC") is a company domiciled in Norway. The condensed interim financial statements for the first nine months of 2009 and the three months ended September 30, 2009 comprise AMSC and its wholly owned subsidiaries. American Shipping Company has one business segment.

The consolidated quarterly financial statements of AMSC are available at www.americanshippingco.com.

2. Basis of Preparation

These consolidated interim financial statements reflect all adjustments, in the opinion of AMSC's management, that are necessary for a fair presentation of the results of operations for the periods presented. Operating results for the three and nine month periods are not necessarily indicative of the results that may be expected for any subsequent interim period or year.

3. Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended December 31, 2008.

4. Significant accounting principles

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2008. There have not been any new IFRS standards or interpretations issued after the completion of the annual consolidated financial statements for the year 2008 that have a significant impact on AMSC's financial reporting. However, a new requirement of IAS 1 (*IAS 1.7*) requires the completion of a new statement on Other Comprehensive Income, which is shown as a separate statement, following the Income Statement. This new requirement does not have a material effect on the AMSC accounts or financial statements.

5. Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2008.

6. Tax estimates

Income tax expense is recognized in each interim period based on the best estimate of the expected annual income tax rates.

7. Share capital and equity

As of September 30, 2009, AMSC had 27,600,000 ordinary shares at a par value of NOK 10 per share. There were no dividends paid on ordinary shares in 2009 or 2008.

In Q1 2009, one of AMSC's subsidiaries redeemed its preferred shares and declared and paid a dividend of USD 0.9 million on the preferred stock.

8. Interest-bearing debt

The following shows material changes in interest-bearing debt:

Amounts in USD million	9 months to 9/30/2009	9 months to 9/30/2008
Balance at beginning of period	504.4	371.0
Repayment of debt	(13.4)	(6.9)
Issuance of debt	160.0	160.0
Interest added to oustanding debt	8.3	12.3
Foreign currency impact	25.4	(10.7)
Amortization of loan fees	2.8	1.7
Balance at end of period	687.5	527.4

9. Related party transactions

The ultimate parent company of AMSC prior to June 6, 2008 was Aker ASA. As of June 6, 2008, Aker ASA reduced its majority ownership in AMSC. Therefore, Aker ASA and its subsidiaries are no longer related parties.

AMSC has service agreements with Aker ASA and APSI which provide certain specified accounting, financial and administrative services. The cost of these services was not material, however they are important to the Company's operations.

In Q1 2009, a Company subsidiary called its interest-bearing long term note receivable to Aker ASA for USD 20 million plus accrued interest of USD 0.9 million

AMSC believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

10. Interest

Amounts in USD million	3 months to 9/30/2009	3 months to 9/30/2008	9 months to 9/30/2009	9 months to 9/30/2008
Interest expense	(12.2)	(10.5)	(34.5)	(28.6)
Interest income	0.1	1.2	0.6	4.1
Interest capitalized	1.6	2.9	5.6	8.0
Net interest expense	**(10.5)**	**(6.4)**	**(28.3)**	**(16.5)**

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Disclaimer

This press release includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for American Shipping Company ASA and its subsidiaries and affiliates (the "American Shipping Company Group") lines of business. These expectations, estimates, and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the American Shipping Company Group's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although American Shipping Company ASA believes that its expectations and the information in this press release were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this press release. Neither American Shipping Company ASA nor any other company within the American Shipping Company Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the press release, and neither American Shipping Company ASA, any other company within the American Shipping Company Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the press release.

American Shipping Company ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the press release, other than what is required by law.

The American Shipping Company Group consists of many legally independent entities, constituting their own separate identities. American Shipping Company is used as the common brand or trade mark for most of these entities. In this press release we may sometimes use "American Shipping Company"," "Group, "we," or "us," when we refer to American Shipping Company Group companies in general or where no useful purpose is served by identifying any particular company of American Shipping Company.