



Ship Finance International Limited

3Q 2006 Results

November 28, 2006

FORWARD LOOKING STATEMENTS

This presentation contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Ship Finance management's examination of historical operating trends. Although Ship Finance believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, Ship Finance cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in this presentation include the strength of world economies and currencies, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the tanker market as a result of changes in OPEC's petroleum production levels and world wide oil consumption and storage, changes in the Company's operating expenses including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company with the United States Securities and Exchange Commission.

Agenda

§ 3Q 2006 Highlights

§ 3Q 2006 Financial Results

§ Ship Finance overview

§ Q & A

§ Appendix

- Ship Finance clients
- Accounting: Sales Type Leases and Deferred Equity

3Q 2006: Highlights - I

- § A cash dividend of \$0.53 per share has been declared
 - Ordinary base dividend has been increased to \$0.50/share
 - Supplementary extraordinary dividend of \$0.03/share

- § Total operating revenues for the third quarter was \$121.8m (\$1.67/share)

- § Net income for the third quarter was \$45.7m (\$0.63/share)
 - Net income reduced by \$16.4m (\$0.22/share) unrealized loss due to mark-to-market of interest rate swaps
 - Interest rate swaps are used to fix the interest rate on a portion of our floating rate credit facilities

- § Significant profit share accumulated during first 9 months
 - The Company estimates that a total of \$63.9m (\$0.88/share) has accumulated in the period, of which \$20.3m in 3Q 06
 - Based on US GAAP, only \$43.0m (\$0.52/share) has been accounted for in the period, of which \$37.5m in 3Q 06

- § Strong liquidity position provides basis for growth
 - Cash and cash equivalents: \$31.6m plus \$10.9m restricted cash
 - Available undrawn credit lines: \$196.7m

3Q 2006: Highlights - II

- § The single-hull VLCC “Front Tobago” has been sold
 - Gross sales price: \$45.0m
 - A compensation payment will be made to Frontline for the cancellation of the charter
 - Delivery to new owners expected in December 06

- § Conversion of “Front Sunda” to a heavy-lift vessel
 - \$41 million conversion cost and expected delivery in 2Q 2007
 - New 10 year fixed-rate charter to Frontline Shipping II Limited.

- § Reduced number of single-hull vessels
 - 9 VLCC and 7 Suezmax crude oil tankers classified as single-hull tankers after sale and conversion, including 3 vessels with double sides
 - The Company will continue to pursue opportunities to extend the commercial life of the single-hull vessels, including potential conversions to heavy-lift or FPSO

- § Two Suezmax newbuildings have been ordered
 - Very attractive terms
 - Delivery in Q1 and Q3 2009 from Jiangsu Rongsheng shipyard in China
 - Vessels will be marketed for medium to long-term charters

3Q 2006: Highlights - III

- § Charter for 1,700 TEU container vessel "Sea Beta" cancelled
 - Australian charterer PAN Logistics went into voluntary receivership in October
 - The charter was secured by a \$2.7 million bank guarantee
 - Sea Beta is currently employed on a short term contract

- § The 1997 built Panamax dry bulk vessel "Golden Shadow" was delivered to the Company on September 11, 2006
 - 10 year bareboat charter to Golden Ocean Group Limited
 - Golden Ocean has purchase options, first time after 3 years
 - Accounted for as an equity investment under US GAAP

- § The first in a series of 5 container vessels to Horizon Lines expected to be delivered on November 30, 2006
 - 12 year bareboat charters to Horizon Lines
 - Horizon Lines has purchase options, first time after 5 years

- § \$8.0 million of the 8.5% Senior Notes repurchased during the third quarter
 - Net of the repurchased bonds, \$449.1 million was outstanding at the end of the quarter
 - Senior Notes with a par value of \$51.5 million controlled under a Bond Swap Agreement, effectively reducing the interest expense to Libor + 1.00% p.a.

3Q 2006: Highlights - IV

- § During 2006 the Company has committed to new investments in excess of \$650m
 - New investments are expected to increase the Company's fixed charter income and dividend distribution capacity
 - Base dividend increased from \$0.45 to \$0.50 per share

- § The Company has capital available to fund the equity portion of new projects, including \$196.7m available under credit facilities
 - A number of additional investment opportunities are currently under consideration

- § The Company plans to implement a dividend reinvestment plan (DRIP) and direct stock purchase plan (DSPP)
 - Ship Finance has a large number of retail shareholders in the U.S.
 - DRIP and DSPP are popular investment tools for individual shareholders who wish to invest in shares in the Company on a regular basis

- § Ole B. Hjertaker (39) has been hired as CFO of Ship Finance Management AS
 - Extensive investment banking and commercial banking experience focused on the marine sector

Profit & Loss

2005 Jul-Sep	2006 Jul-Sep	INCOME STATEMENT <i>(in thousands of \$ except per share data)</i>	2006 Jan-Sep	2005 Jan-Sep	2005 Jan-Dec (audited)
118,403	121,796	Total operating revenue	296,816	295,572	437,510
-	-	(Gain) loss on sale of assets	-10,131	-	654
1,158	461	Voyage expenses	1,557	3,000	3,600
31,411	30,164	Ship operating expenses	87,488	82,729	110,240
536	1,220	Administrative expenses	2,678	1,621	2,447
5,193	3,628	Depreciation	11,633	14,682	19,907
38,298	35,473	Total operating expenses	103,356	102,032	136,194
80,105	86,323	Operating income	203,591	193,540	300,662
1,048	769	Interest income	3,159	2,333	3,343
-25,384	-27,365	Interest expense	-80,899	-84,242	-111,935
-	1,987	Results in associate	1,914	-	-
9,516	-16,027	Other financial items	-4,978	14,862	17,528
-19	36	Foreign currency exchange gain (loss)	205	-21	-52
65,266	45,723	Net income	122,992	126,473	209,546
\$0.87	\$0.63	Basic earnings per share (\$)	\$1.69	\$1.69	\$2.84

Balance Sheet

BALANCE SHEET	2006	2005	2005
<i>(in thousands of \$)</i>	30-Sep	30-Sep	31-Dec
			<i>(audited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	31,621	68,944	32,857
Restricted cash	10,924	2,864	1,575
Amount due from related parties	44,703	4,155	79,416
Other current assets	138,074	148,391	109,092
<i>Long term</i>			
Newbuildings and vessel purchase options	10,382	-	-
Vessels and equipment, net	238,492	322,362	315,220
Investment in finance leases	1,785,667	1,834,772	1,818,344
Investment in associate	52,975	-	-
Deferred charges	16,910	18,512	17,846
Other long-term assets	20,167	17,258	19,563
Total assets	2,349,915	2,417,258	2,393,913
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	134,776	122,519	122,519
Other current liabilities	19,569	23,082	12,201
Amount due to related parties	11,113	-	-
<i>Long term</i>			
Long term interest bearing debt	1,603,772	1,702,768	1,671,138
Other long term liabilities	9,139	27,154	26,533
Stockholders' equity	571,546	541,735	561,522
Total liabilities and stockholders' equity	2,349,915	2,417,258	2,393,913

Cash Flow Statement

2005 Jul-Sep	2006 Jul-Sep	STATEMENT OF CASHFLOWS (in thousands of \$)	2006 Jan-Sep	2005 Jan-Sep	2005 Jan-Dec (audited)
OPERATING ACTIVITIES					
65,266	45,723	Net income	122,992	126,473	209,546
		Adjustments to reconcile net income to net cash provided by operating activities			
8,192	4,519	Depreciation and amortisation	13,836	31,706	36,431
-	(2)	Unrealised foreign currency exchange (gain) loss	-	-	-
(8,076)	16,261	Adjustment of financial derivatives to market value	7,339	(11,872)	(14,732)
-	-	(Gain) loss on sale of assets	(26,469)	-	654
-	(1,987)	Result in associate	(1,914)	-	-
(3,462)	(1,321)	Other	(4,071)	(6,024)	(4,708)
(21,395)	(34,227)	Change in operating assets and liabilities	46,048	104,447	53,643
40,525	28,966	Net cash provided by operating activities	157,761	244,730	280,834
INVESTING ACTIVITIES					
25,794	31,484	Repayment of investments in finance leases	93,889	72,922	94,777
(149)	(77)	Net maturities (placement) of restricted cash	(9,349)	2,515	3,804
71,000	-	Sale of investment in finance lease	-	229,800	-
288	-	Acquisition of subsidiaries, net of cash acquired	(34,810)	(549,090)	(518,182)
-	-	Proceeds from sale of vessels	40,466	-	229,800
(49,889)	-	Purchase of vessels	-	(49,889)	(79,772)
12,535	(10,382)	Investment in newbuildings	(10,382)	-	-
-	(5,092)	Investment in associated companies	(51,059)	-	-
59,579	15,933	Net cash provided by (used in) investing activities	28,755	(293,722)	(269,573)
FINANCING ACTIVITIES					
(1,874)	-	Repurchase of shares	(7,212)	(5,874)	(33,083)
141,950	31,000	Proceeds from long-term debt	56,000	1,571,429	1,571,429
(1,423)	(1,177)	Debt fees paid	(1,265)	(8,512)	(7,347)
(178,659)	(37,677)	Repayment of long-term debt	(110,780)	(1,221,874)	(1,253,503)
(37,300)	(37,827)	Cash dividends paid	(110,569)	(112,201)	(148,863)
(3,699)	(944)	Deemed dividends paid	(13,926)	(134,225)	(136,230)
(81,005)	(46,625)	Net cash provided by (used in) financing activities	(187,752)	88,743	(7,597)
19,099	(1,726)	Net (decrease) increase in cash and cash equivalents	(1,236)	39,751	3,664
49,845	33,347	Cash and cash equivalents at start of period	32,857	29,193	29,193
68,944	31,621	Cash and cash equivalents at end of period	31,621	68,944	32,857

Very high charter backlog

§ Order backlog from fixed charters as per 30 September 2006 (nominal values):

Total charter payments



\$5.3 billion

EBITDA* from charters



\$3.9 billion

Average tenor of charters



11.6 years

The Ship Finance Fleet

Vessel Type	Capacity	No. Of vessels	Avg. Age
VLCC	296,000 dwt	18 double hull 10 single hull	9 yrs
Suezmax*	150,000 dwt	8 double hull 7 single hull	11 yrs
Suezmax OBO	169,000 dwt	8 double hull	15 yrs
Container	1,700 TEU	2 vessels	1 yrs
Container*	2,850 TEU	5 vessels	0 yrs
Dry bulk	73,500 dwt	1 vessel	9 yrs
Jack-up	300 ft	1 vessel	0 yrs
Heavy-Lift	>35,000 MT	1 vessel	0 yrs (14 yrs)

One of the world's largest vessel owners

Strategy and vision

- § Pay high and predictable dividends
- § Grow our fleet in an accretive manner
- § Diversify customer and asset base
- § Medium to long term employment of our assets

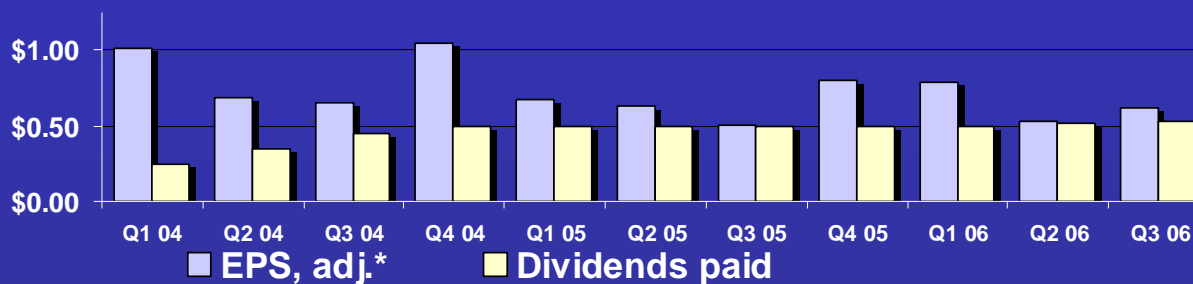
Our vision:

To offer the most attractive shipping/offshore investment opportunity with a high running yield, limited downside risk and upside potential through profit sharing and residual value

Dividend policy

- § Declared dividend of \$0.53 per share for 3Q 2006
 - Ordinary base dividend has been increased from \$0.45 to \$0.50/share
- § History of paying stable quarterly dividends
 - \$0.52/share in 2006, \$0.50/share for preceding six quarters
- § Dividends have over time been significantly lower than adjusted earnings per share*

Earnings Per Share, adj.* vs. Dividend per Quarter

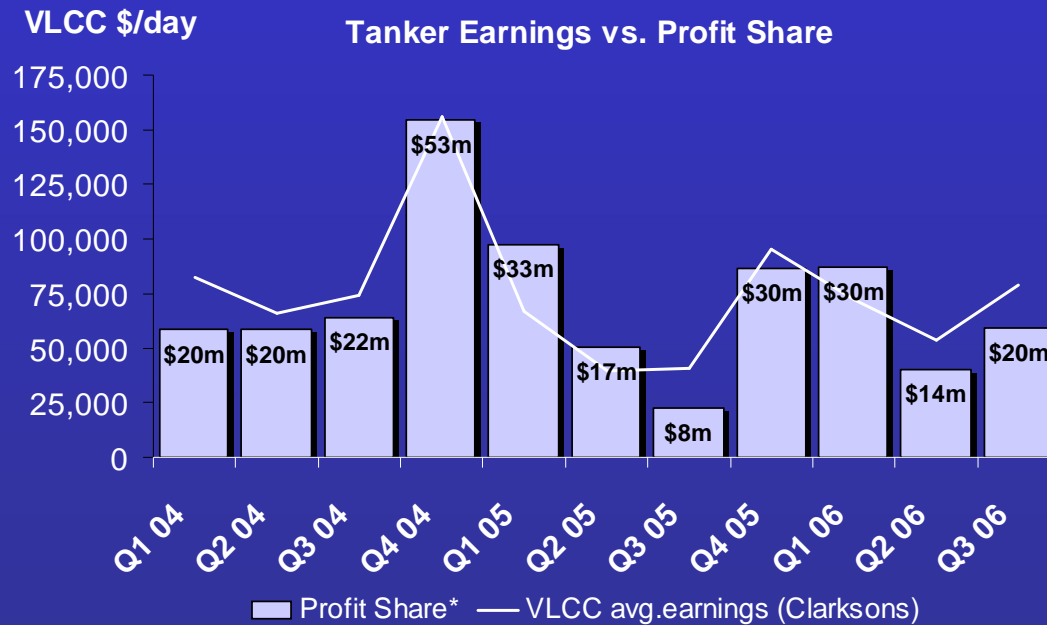


New transactions expected to increase dividend capacity

* Quarterly EPS as reported + adjustments to include accumulated profit share according to management's estimate, excluding non-cash mark-to-market of interest rate swaps and gain/loss on sale of vessels

Profit share: Frontline

- § 20 % profit share of earnings in excess of base charter rates
 - Paid to Ship Finance on an annual basis
- § Spot tanker market exposure represents upside for SFL shareholders
- § Quarterly average Profit Share* of \$24.3m or \$0.33 per share



* Pro-forma accumulated profit share per quarter based on management estimate. The profit share is calculated on a calendar year basis, and paid in March the following year. Based on US GAAP, the recognized amounts in the quarterly P&L statement differs from the pro-forma management estimate.

Summary

- § Highest fixed-rate charter backlog in the industry
 - Upside potential through profit sharing and residual value
- § Quarterly dividend increased to \$0.53/share
 - New projects expected to grow the dividend capacity
- § Strong liquidity position
 - Revolving credit facility with \$196.7m currently undrawn - no restrictions on use
 - Profit share payment for 2006 expected to be received in March 2007
- § New dedicated management team is expected to generate increased volume of new transactions

Ship Finance has capacity to make large new investments
without raising additional equity

Appendix

- § Ship Finance clients
- § Accounting: Sales Type Leases and Deferred Equity

Clients: Frontline

§ 28 VLCCs and 21 Suezmaxes

§ Long term charters

- 90% of remaining life of the vessels
- Fixed rate technical management agreements
- \$274m cash deposit as security for charter payments

§ Current average minimum charter rates

- \$26,597 per day for VLCCs
- \$21,100 per day for Suezmaxes and Suezmax OBOs

§ Profit split arrangements

- Ship Finance receives 20 % profit split above minimum charter rates



Clients: Horizon Lines

- § Five newbuilding 2,850 teu container vessels
- \$280m transaction
 - Delivery from November 2006 to May 2007

- § Bareboat chartered to Horizon Lines LLC
- 12 years + 3 years option
 - Guaranteed by Horizon Lines Inc.
 - Purchase options

- § Horizon Lines Inc. listed on NYSE
- Ticker: HRZ
 - Mkt.Cap \$900 million*

- § Financing
- \$210m non-recourse bank facility
 - \$70m equity contribution



* November 27, 2006

Clients: Seadrill

- § Newbuilding jack up rig
 - Acquired in June 2006
 - \$210m transaction

- § 15 year bareboat charter to Seadrill Invest I Ltd.
 - Guaranteed by Seadrill Ltd.
 - Purchase options

- § Seadrill Ltd. listed on Oslo Stock Exchange
 - Ticker: SDRL
 - Mkt.Cap \$5.9 billion*

- § Financing
 - \$165m bank facility, of which SFL guarantees \$10m
 - \$45m equity contribution



* November 27, 2006

Clients: Other

§ Sea Alfa / Sea Beta

- 2 x 1,700 teu container vessels
- Built in 2005
- Sea Alfa to Heung-A (Korea) until May 2009
- Sea Beta on market terms



§ Golden Ocean Group

- 1997 built panamax bulk carrier
- Acquired in July 2006 for \$28.7m
- 10 year bareboat charter
 - Purchase options
- Golden Ocean listed on Oslo Stock Exchange
 - Ticker: GOGL
 - Mkt.Cap \$340 million*



* November 27, 2006

Newbuildings and conversions

§ Two Suezmax newbuildings

- Delivery 1Q and 3Q 2009
- To be built at Jiangsu Rongsheng Heavy Industries Ltd. in China
- Very attractive terms
- Intention is to fix the vessels on medium to long term charters prior to delivery



§ Conversion to heavy-lift

- Front Sunda
- Suezmax single-hull vessel before conversion
- Heavy-lift vessel with >35,000 MT payload after conversion
- To be completed in early Q2 2007
- New 10 year fixed-rate charter to Frontline Shipping II Ltd.



Accounting – Sales type leases

- § Ship Finance is accounting for 46 of the long term charters to Frontline as sales type leases under U.S. GAAP, while the remaining charters will initially be accounted for as operating leases as long as the vessels are on third party charters.
- § Cash flow from sale type leases is allocated between interest income on the sales type lease, service income (Management fee) and a repayment of investments in finance leases.
- § In the P&L statement only the interest income on the sales type lease and the service income is booked, while the installment part is accounted for under cash flow as repayment of investment in finance leases under investment activities. The repayment of investment in finance leases is deducted from the total charter hire in order arrive at the reported total operating revenues.
- § The capital repayment element of a sales type lease is based on a reducing balance / constant interest rate. So it begins with a small amount in the initial period of a lease and then increases over time, like an annuity.
- § As all the VLCCs that were initially bought earn the same charter rate, independent on the original investment made in the vessel, the implicit rate of return under the leases for each VLCCs will differ. The same is the case for the Suezmax tankers and the Suezmax OBOs.

Accounting - Deferred Equity

- § SFIL has accounted for the difference between the historical cost of the vessels transferred to it from Frontline at Frontline's historical carrying value and the net investment in the lease as a deferred equity contribution. This deferred equity contribution is shown as a reduction in the net investment in finance leases in the balance sheet. This results from the related party nature of both the transfer of the vessel and the subsequent charter.
- § The deferred equity contribution is amortized as a credit to contributed surplus over the life of the finance lease.
- § The effect of this is that the assets of Ship Finance are reduced by the deferred equity contribution.
- § As per 30 September 2006, the non-amortized portion of the deferred equity contribution was \$237.4 million.